



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

Daily Report

China

FBIS-CHI-93-149
Thursday
5 August 1993

Daily Report China

FBIS-CHI-93-149

CONTENTS

5 August 1993

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Foreign Ministry on Visa Accord With Argentina [XINHUA]	1
Olympic Games Bid Chief Chen Xitong Meets IOC Member [XINHUA]	1
World Bank To Support Health Care in Rural Areas [XINHUA]	1
DPRK Criticism of Western Human Rights View Noted [XINHUA]	1

United States & Canada

President Clinton's 'Aspirations,' 'Difficulties' Viewed [Hong Kong LIAOWANG OVERSEAS EDITION 26 Jul]	2
Report on Cancellation of U.S. Nuke Test Cited [XINHUA]	4
'Roundup' on Police Sentencing in Rodney King Case [XINHUA]	4

Central Eurasia

Tomur Dawamat Leads NPC Group on Kazakhstan Visit [XINHUA]	5
Yeltsin Pledges To 'Limit Harm' to Reforms [XINHUA]	5

Northeast Asia

Mongolia Denies MING PAO Report on Taiwan Policy [XINHUA]	6
NPC Leader Wang Hanbin Meets ROK Youth Group [XINHUA]	6
Korean Remains Brought Home From Shanghai for Reburial [XINHUA]	6
Miyazawa Cabinet Resignation Paves Way for Coalition [XINHUA]	6
Policy Consistency, Continuity Urged [XINHUA]	7

Southeast Asia & Pacific

NPC Chairman Qiao Shi Continues Thailand Visit	7
Explains Overseas Chinese Policy [XINHUA]	7
Exchanges Views With Prime Minister [XINHUA]	8
Meets King, Discusses Ties [XINHUA]	8
Commentary on Qiao Shi Visit to Singapore [ZHONGGUO XINWEN SHE]	9
Shandong Vice Governor Meets Singapore Delegation [Jinan Radio]	9
Shandong Secretary Jiang Chunyun on New Zealand Trade [XINHUA]	10

Near East & South Asia

Israel's Rabin Meets Provincial CPC Delegation [XINHUA]	10
Chi Haotian Meets Egyptian Military Delegation [XINHUA]	10

Sub-Saharan Africa

De Klerk, Mandela Worried About Violence [XINHUA]	11
---	----

West Europe

Jiang Zemin, Others Send Wreaths for Belgian King [XINHUA]	11
--	----

East Europe

Shenzhen Delegation Meets Polish Deputy Prime Minister [XINHUA]	12
---	----

Latin America & Caribbean

Chen Xitong Meets Cuban Party Delegation [XINHUA]	12
Brazil To Provide Iron Ore Under 30-Year Contract [XINHUA]	12

NATIONAL AFFAIRS

Political & Social

Shenzhen Radio Reports Casualties From Explosions	13
Further on Incident [AFP]	13
Columnist Views Health of Central Leaders [Hong Kong CHENG MING 1 Aug]	14
Factions Dispute Responsibility for Problems [Hong Kong CHENG MING 1 Aug]	16
Circular Urges Ban on 'News Writing for Illicit Payment' [XINHUA]	18
Further on Circular [XINHUA]	19
Ding Guangen Addresses Journalistic Ethics Forum [XINHUA]	19
Urges Implementing Circular on Ethics [XINHUA]	20
Party Building Urged in Advanced Education [XINHUA]	21
Commentator Views Communist Outlook on Life [QIUSHI 1 Jul]	22
'Pen Talk' on Arming Party With Deng Theory [RENMIN RIBAO 2 Aug]	24
Book on 'Calamities' of 'Great Leap Forward'	26
Henan Publishes Manuscripts of 'Bourgeois' Kang Youwei [XINHUA]	28
Daily Carries QIUSHI Table of Contents [RENMIN RIBAO 30 Jul]	28

Military

Jiang Zemin, Others Inscribe for Army Cadre [XINHUA]	29
Article Views Military Interpersonal Relations [JIEFANGJUN BAO 14 Jul]	29
Tibet's Chen Kuiyuan Praises PLA Air Force [Lhasa Radio]	31
Leaders Attend Tibet Military District Army Day [Lhasa Radio]	31
Xinjiang Military District Promotes 4 Officers [Urumsaqi TV]	32

Economic & Agricultural

Zhu Rongji Gives Economic Guidance in Guizhou [XINHUA]	32
Zou Jiahua on Price Reform at National Forum [XINHUA]	33
State Council Announces 10-Point Economic Policy [Hong Kong CHING CHI TAO PAO 19 Jul]	34
State Role in Smuggling 'Angers' Authorities [Hong Kong MING PAO 4 Aug]	34
Government Cracks Down on Smuggling Cases [XINHUA]	35
Customs Stops Foreign Ships To Fight Smuggling [CHINA DAILY 5 Aug]	35
Official Assures Foreign Firms on Tax Policy [Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 5 Aug]	36
State Set Rules on Assets in Overseas Investment [ZHONGGUO XINWEN SHE]	36
Automaker Assumes Control of State-Owned Assets [RENMIN RIBAO 15 Jul]	37
State To Set Up Property Management Companies [CHINA DAILY 4 Aug]	37
Statistics Bureau Spokesman Addresses Economic Issues	38
'High Growth Rate' Seen [ZHONGGUO XINWEN SHE]	38
Notes 'Five Major Problems' [ZHONGGUO XINWEN SHE]	39
Light Industry Council Chairman on Development [ZHONGGUO XINWEN SHE]	39
Commentator Urges Accelerating Reform [JINGJI RIBAO 27 Jul]	40
Series on Macroeconomic Regulation, Control	41
Part Seven [ZHONGGUO XINWEN SHE]	41
Part Eight [ZHONGGUO XINWEN SHE]	42
Daily Reports on Highway Construction [XINHUA]	43
Auto Industry Sets New Record in First Half [XINHUA]	43
Daily Discusses Movement of Qualified Personnel [XINHUA]	44

Pharmaceutical Imports To Require Ministry License [CHINA DAILY 5 Aug]	44
Foreign Funds Aid Agricultural Development [XINHUA]	45
Beijing Seminar Discusses Rural Unemployment [CHINA DAILY 5 Aug]	45
Government Plans Steps To Protect Arable Land [CHINA DAILY 4 Aug]	45
State Organ Issues Flood Bulletin No. 5 [XINHUA]	46
Commentator on Lightening Peasants' Burdens [JINGJI CANKAO BAO 8 Jul]	46
Country Fairs Promote Commodity Circulation [XINHUA]	48
Correction on Electric Power Grid Regulations	48

REGIONAL AFFAIRS

East Region

Shen Daren on Jiangsu's City Congress Work [Nanjing Radio]	49
Jiangsu Village Builds Transformer Station [XINHUA]	49
Shanghai Radio To Start Three New Programs [WEN HUI BAO 25 Jul]	50

Central-South Region

Guangdong Commentator on Macroeconomic Regulation [NANFANG RIBAO 17 Jul]	50
Henan Secretary Addresses Agriculture [Zhengzhou Radio]	51
Hunan Officials Seize Illegal Tapes, Discs [Changsha Radio]	51

PRC MEDIA ON TAIWAN AFFAIRS

Symposium on Cross-Strait Ties Opens [XINHUA]	52
Symposium Concludes [XINHUA]	52
'Stronger Economic Ties' Mean More Phone Calls [CHINA DAILY 5 Aug]	52

TAIWAN

Bank Governor To Attend U.S. Financial Seminar [CNA]	53
Board Plans Intellectual Property Rights Unit [Taipei Radio]	53
President Li Receives Irish Congressional Leader [CNA]	53
Executive Yaun Approves British Aerospace Deal [LIEN HO PAO 28 Jul]	53
Exports to Europe Decline in First Half of '93 [CNA]	54
Philippines Trade Meeting in Taipei Ends [CNA]	54
Official Visits APEC Leader in Singapore [CNA]	55
Police Tow Vietnamese Refugee Ship to Keelung [CNA]	55
Taipei To Send Trade Mission to Japan [CNA]	55
Ministry: Japan Should Compensate 'Comfort Women' [CNA]	55
Foreign Countries Request Educational Assistance [CNA]	55
Taipei Warns of Potential Latin American Tariffs [CNA]	56
Mainland Delegation Attends Taipei Seminar [Taipei Radio]	56
MAC, SEF Discuss Follow-up to Ku-Wang Talks [Taipei Radio]	56
Low Oil Price To 'Add Momentum' to Economy [CNA]	57
Currency Depreciation Has 'Positive Effect' [CNA]	57
Government Studies Programs for 'Aging Society' [CNA]	57

HONG KONG & MACAO

Hong Kong

PRC-UK Talks on Airport 'Progressing' [Hong Kong THE STANDARD 5 Aug]	58
Editorial: Expat Civil Servant Policy 'New Trick' [Hong Kong TA KUNG PAO 5 Aug]	58
Editorial Discusses British 'Cheating' in Talks [Hong Kong WEN WEI PO 3 Aug]	59

General

Foreign Ministry on Visa Accord With Argentina

OW0508075093 Beijing XINHUA in English 0731
GMT 5 Aug 93

[Text] Beijing, August 5 (XINHUA)—An agreement between China and Argentina on the partial mutual exemption of visas will go into effect August 14, according to the Chinese Foreign Ministry.

The agreement was signed March 10 this year in Buenos Aires, the Argentine capital, by Chinese Vice Premier and Foreign Minister Qian Qichen and Argentina's Minister of Foreign Affairs, International Trade and Religious Affairs Guido di Tella on behalf of their respective countries.

According to the agreement, Chinese and Argentine citizens holding valid diplomatic, service or official passports, together with any under-age children on the same passport, may be exempted from visa requirements when they enter or transit the other country.

Olympic Games Bid Chief Chen Xitong Meets IOC Member

OW0408174293 Beijing XINHUA in English 1617
GMT 4 Aug 93

[Text] Beijing, August 4 (XINHUA)—Chen Xitong, president of the Beijing 2000 Olympic Games Bid Committee (BOBICO) met International Olympic Committee [IOC] member Lambis W. Nikolaou of Greece here Wednesday [4 August] evening.

The BOBICO chief expressed his open-arm welcome to Nikolaou, who is also president of the Greek Olympic Committee.

Chen said that it is of great significance for promoting the Olympic ideal to stage Olympic Games in China, a developing country with a population of over 1.1 billion, who are longing for the 2000 games.

Nikolaou said that China had been all the more open and many changes had taken place in Beijing since his last visit during the 11th Asian Games three years ago.

The International Olympic Committee should respect the aspiration of the Chinese people, Nikolaou said. Beijing has necessary conditions for staging an Olympic Games, he said.

World Bank To Support Health Care in Rural Areas

OW0408214193 Beijing XINHUA in English 2103
GMT 4 Aug 93

[Text] Washington, August 4 (XINHUA)—The World Bank approved here today a loan of 110 million U.S. dollars to improve health care for China's rural poor.

The loan, which aims to staff every poor village with at least one doctor, is the first World Bank loan to China in this fiscal year, which starts July 1.

The project, the bank said, is targeted at the 159 million rural poor in the provinces of Anhui, Fujian, Guizhou, Hebei, Henan and Shanxi.

One in every five of Chinese farmers cannot afford medical treatment, despite changes brought along by economic reforms since the late 1970s, the bank said.

"There has been a decrease in health care coverage and access, particularly in the rural, poorer areas of China," the bank said. In these areas, "paying for medical care has become a cause of poverty."

The project will explore ways to finance local health care services and to pay health care providers on a community basis. It will also provide trainings.

"One of the program goals is to staff all of the 126,978 villages in the area with at least one doctor and most with two by the year 2000," said Willy de Geyndt, task manager for the project.

"One of these two doctors will be a woman," De Gayndt said.

This is the bank's fifth health care project in China since 1980. Bank lending to health care in China amounts to about 120 million dollars a year, or roughly four to five percent of total lending.

DPRK Criticism of Western Human Rights View Noted

OW0508051293 Beijing XINHUA in English 0447
GMT 5 Aug 93

[Text] Pyongyang, August 5 (XINHUA)—The government of the Democratic People's Republic of Korea today slashed at the view held by some Western nations that human rights standard is universal and recognizes no national border.

The official newspaper "NODONG SINMUN" said today in a commentary that the human rights issue is first of all an internal issue for each country and each nation, and human rights should therefore be guaranteed by the individual government of each country only.

Any attempt to put a hand into other countries' human rights issue would mean violation of national sovereignty and interference in the internal affairs of others, the paper noted.

"NODONG SINMUN" pointed out that each country has its own way of thinking and its own social and political system, and different countries have different historical backgrounds, habits, customs, and cultural heritage. Their levels of socio-economic development are also various.

Therefore, the human rights issue should be resolved in accordance with the characteristics and actual conditions and the will of the people of each country, the paper noted. It should not be measured and solved with a single ruler, it added.

United States & Canada

President Clinton's 'Aspirations,' 'Difficulties' Viewed

HK0408144093 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 30, 26 Jul 93 pp 26-27

[Article by Sa Benwang (5646 2609 2598): "Lofty Aspirations Beset With Difficulties—Commenting on Clinton's Six Months in Office"]

[Text] The new U.S. President Clinton has been in office for six months and he and his new administration have walked a rough and bumpy road. During that time some progress has been made in implementing his domestic and foreign policies but, at the same time, he has encountered unexpectedly strong obstacles and rigorous challenges. To summarize this situation, it seems appropriate to say that Clinton "has cherished lofty aspirations but has been beset with numerous difficulties." In other words, Clinton himself really wanted to make an all-out effort to "rejuvenate the United States" but various restraining factors at home and abroad have caused him to advance haltingly with very little accomplishment.

In a subjective sense, the young and energetic Clinton has really seen the various malpractices in the U.S. economy and society and realizes the harsh facts of the "death of the Soviet Union and the injury to the United States" brought about by the prolonged Cold War. Hence, he wanted and was eager to "make changes." Having assumed office, he dished up in turn a series of very radical "new administrative" plans aimed at changing domestic, economic, military, and foreign affairs to conform with U.S. public opinion which called for "restoring U.S. prestige" and coping with multiple and diversified new international challenges, particularly the increasingly grim economic challenges from the rising stars including Japan, Germany, and others in an attempt to safeguard U.S. "world's leading position" as the only superpower.

Taken objectively, however, the Cold War has inflicted severe injury to the United States with its comprehensive national strength relatively declining and its economic, social, and other problems difficult to overcome. Clinton's "reform" measures have encroached on the interests of the big consortia so that he has met with unprecedented resistance. Once the U.S. Republicans became the opposition party, they have united as one and impeded the Clinton administration in many ways. Internationally, the conflicts between the United States and most countries including its allies have been conspicuous.

Under the above circumstances, the contradictions and gaps between subjectivity and objectivity in the Clinton administration have been gradually widened and a situation showing that Clinton's ability falls short of his wishes has emerged. Clinton has deployed an excessively long front line, has been eager for quick success, and has made too many promises and fulfilled very few of them. As a result, his reputation is declining month after month and the support rate has dropped from 69 percent when he had just taken office to 39 percent in the middle of June, lower than the previous presidents during their early days of office.

Over the past six months, the "new administrative" plans proposed by Clinton have been extremely complicated and difficult to put into effect. To sum up, they are no more than what he called the "three major pillars of foreign policy"—"economic security," "military strength," and "global democratization." These three major pillars are in fact the general program of Clinton's domestic and foreign policies. Centering around these three major pillars, we might as well make a brief review of the conditions and problems faced by the Clinton Administration in practicing its domestic and foreign policies.

"Economic security" is the nucleus of the Clinton administration's domestic and foreign policies, because the ultimate objective of all Clinton's policies and measures is to "restore U.S. economic vitality" and "rejuvenate the United States." The "Package Plan on the Economy" put forward by Clinton on 17 February is a concentrated embodiment of "Clinton Economics," wherein he tries hard to rejuvenate the U.S. economy and reverse the tendency of weakening U.S. economic strength as compared to Japan and Europe, through such measures as raising taxes, cutting expenditures, reducing deficits, increasing investment, energetically boosting science and technology, reforming education, and so on. The introduction of this plan has elicited enormous repercussions and heated controversy in the United States. On 27 May, the U.S. House of Representatives adopted, by the slim majority of 219 to 213 votes, the plan for increasing taxes amounting to \$250 billion within five years. On 25 June, there was an even fiercer debate in the Senate, with an equal number of 49 pros and cons. It was eventually adopted by a bare majority of one vote from Vice President Gore, concurrently president of the Senate. Although the Clinton Administration's economic package is not yet in operation, because its tax increase program is mainly targeted on the wealthy, large corporations, and large consortia, it has encountered strong obstacles and some of its measures have had to be revised, such as the profit tax rate for large corporations, which was intended to be raised from 34 percent to 36 percent but has now been lowered to 35 percent. Clinton's short-term plan to stimulate the economy failed to be adopted by the Congress, his plans to reinforce infrastructure construction and increase job opportunities have come to nothing, and the medical and health care reform program, of which Clinton's wife

Hilary is in charge, is still under endless discussion up to now. Judged from the actual economic operation, the U.S. economic growth rate for the first quarter of this year rose by a mere 0.9 percent, a substantial decline from the 4 percent registered in the second half of 1992. Clinton's foreign economic policy has put greater stress on providing services for the rejuvenation of the domestic economy. In the area of foreign trade, the United States practices a dual standard: Pressing other countries to open their markets to it while intensifying protection of its own domestic markets. In the first six months, the United States imposed partial sanctions on the EC several times because of trade disputes; and in the middle of April, Clinton held talks with Japanese Prime Minister Miyazawa to force Japan to make greater concessions in its trade with the United States but Miyazawa resisted. The conflicts between the United States and its principal trade partners including Europe, Japan, and others have been sharpened and those between the United States and Japan are even more outstanding. In 1992, the U.S. trade deficit with Japan was as high as \$49.4 billion, accounting for more than half the total U.S. annual deficit in foreign trade. In the first quarter of this year, the U.S. foreign trade deficit was as high as \$29 billion, an increase of 12 percent over the previous quarter.

The policy change aimed at rejuvenating the economy naturally involves the armed forces. On the one hand, Clinton made relatively substantial reductions in U.S. military spending and troop numbers to suit the actual demands after the end of the U.S.-Soviet confrontation. On the other hand, he strove to maintain the "most powerful military strength in the world" to safeguard superpower status. For this purpose, he practiced the policy of "building quality armed forces" to ensure its weaponry superiority at a high technological level. However, the measures to reduce military bases, transfer production in the war industries, settle demobilized personnel, and others have evoked profound dissatisfaction in the defense-related enterprise groups and the armed forces. The divergent views of Clinton and Powell, chairman of the U.S. Joint Chiefs of Staff, have become apparent. Clinton does not enjoy a high reputation in the armed forces and 96 percent of high-ranking officers are opposed to Clinton's decisions to freeze servicemen's wages and allow open homosexual activities.

With military strength as its backing, the Clinton administration practices "neo-interventionism" abroad, stressing that foreign military intervention will serve to safeguard and promote both U.S. global interests and its value concepts. Earlier this year, it attacked Iraq over the "no fly zone"; on 27 June, it launched a surprise cruise missile attack on the Iraqi Intelligence Agency Headquarters in Baghdad; and it carried out intervention in the conflicts in Somalia, Bosnia-Herzegovina, and other regions. Clinton's intensified armed intervention in foreign countries has aroused the dissatisfaction of the countries and regions concerned and, at the same time,

has exposed its weak point of the inability to do as much as it wishes. It has no alternative but to rely more on the concerted efforts of the allies and the role of the United Nations and other multilateral security organizations. Within the armed forces, the dispute over "winning two regional conflicts one after the other" or "winning two regional conflicts simultaneously" reflects the indecisiveness of the U.S. military strategy. In its intervention in the Bosnia-Herzegovina conflict, the United States has been caught in an embarrassing situation because it wants to play a "leading role" but dare not send out its ground forces.

Clinton vigorously pushes forward "global democratization" in a vain attempt to unify the world with the U.S. value concepts of "freedom," "democracy," "human rights," and so on, and establish a "big family of the free world" led by the United States. The focal points of "global democratization" still lie in the former Soviet Union and the Eastern European countries and the complete change in Russia in particular, has a bearing on the success or failure of the overall situation of U.S. global strategy. Clinton met with Yeltsin in Vancouver in early April, took the lead in increasing aid to Russia, and made great efforts to help Yeltsin tide over his difficulties. Moreover, the United States frequently intervenes in regional affairs under the banner of "democratization," including intervention in Haitian internal affairs, intensified "human rights" attacks on China, and its persistence in setting up the "Asia Democratic Broadcasting Station" which is obviously directed against China.

The U.S. practice of imposing its value concepts on others is naturally opposed by many Third World countries as was fully shown at the Human Rights Conference. As to the aid provided to Russia and other countries for changing track, there is also much said but little done. Owing to its own economic predicament, the United States could only contribute \$125 million to the \$3-billion "privatization funds" for assisting Russia as proposed at the G-7 Summit. Europe and Japan have also sunk into economic slowdown and were unwilling to shoulder the burdens which the United States wanted to shift on them. This was why Japan only promised to contribute \$120 million. To Russia, these sums are utterly inadequate.

In such circumstances it can be stated that, to Clinton, the second half of this year is the crux of whether or not he can smoothly carry out his "changes" and "new administrative plans." Judging from Clinton's character in that he will never easily admit defeat, he is certain to make an all-out effort to persistently practice his set basic policies; on the other hand, being well-known as "Slick Willie" and capable of trimming his sails to the wind, he is expected to make comparatively greater adjustments and revisions to the domestic and foreign policies. According to preliminary predictions regarding Clinton's domestic economic policies, on the premise of persisting in "increasing taxes and cutting down expenditure" and under the pressure of large consortia and

being assailed by the Republicans, he will probably seek a certain balance among the large, medium and small enterprises and slow down the pace of pushing his economic measures by changing from his former eagerness for quick success to pushing forward his plans item by item. The Clinton administration's prediction on the U.S. economic growth rate this year has been adjusted from 3.2 percent at the start of the year to 2.8 percent. Now, it still seems a big question as to whether this 2.8 percent can be achieved. As regards its foreign economic policies, the Clinton administration will not relax its pressure on Japan and EC but may adopt a more flexible approach to strive for real benefits. In terms of military policies, it will maintain the trend of intensifying foreign intervention to demonstrate its "leading world position" and to shift the line of vision inside the country. As for engaging simultaneously in two partial conflicts, it is beyond its ability and far from being the best strategy. Regarding the pursuit of "global democratization," including its policies toward Russia and China, owing to its inability to fulfill its wishes and its uncertainty of conquering the world, it will surely seek a certain balance so that it will not affect the overall interests of the domestic economic rejuvenation.

Taken as a whole, Clinton's new administrative plans are products of the new international and domestic environments and their emergence is, to a certain extent, inevitable. Nonetheless, as the development of things has its own internal law more often than not, the realization of goals is not decided by subjective wishes. Perhaps, this is precisely where the cause of Clinton's difficulties lies.

Report on Cancellation of U.S. Nuke Test Cited

OW0508054193 Beijing XINHUA in English 0529
GMT 5 Aug 93

[Text] Washington, August 4 (XINHUA)—The U.S. has decided to cancel the last scheduled underground nuclear test, but will maintain the Nevada test complex for possible later use.

George Ullrich, deputy director of the U.S. Defense Nuclear Agency, said the decision to cancel the test, code-named "Mighty Uncle," was made in recent days, the ASSOCIATED PRESS [AP] reported today.

President Bill Clinton decided last month to extend a U.S. nuclear test ban until at least September 1994, provided other nuclear powers do not resume tests first.

Preparation for the "Mighty Uncle" already has cost the U.S. some 30 million dollars. The Pentagon had earmarked about 15 million dollars for the project in the proposed 1994 budget, the AP said.

"Mighty Uncle" was designed to test the effects of a nuclear explosion on various military hardware, including strategic missile re-entry vehicles and elements of communications and spy satellites, the AP reported.

The U.S. has conducted altogether 965 nuclear weapons tests so far, with the last underground testing having been conducted in September 1992.

'Roundup' on Police Sentencing in Rodney King Case

OW0508051393 Beijing XINHUA in English 0457
GMT 5 Aug 93

[Roundup by Wang Jinhe: "U.S. Policemen Sentenced to 30 Months in Prison"]

[Text] Washington, August 4 (XINHUA)—Two White Los Angeles policemen convicted of violating black motorist Rodney King's civil rights in the 1991 videotaped beating got lenient 30-month prison sentences today.

This has brought cries of injustice from the black community and talk of an appeal from the Justice Department, reports said.

U.S. Federal District Court Judge John Davies today imposed the prison terms on Sergeant Stacey Koon who allowed the beating of King on March 3, 1991, and police officer Laurence Powell who dealt most of the baton beating.

No fines or restitution were levied on them.

They could have got a maximum prison term of up to ten years and a fine of 250,000 U.S. dollars each under complex federal sentencing guidelines.

The judge reduced the sentences because he said King himself was to blame for many of the blows he suffered in the March 3, 1991, videotaped beating after he led police on a chase when he was spotted speeding in driving.

He added that he was also swayed by the fact that the two officers are first offenders with otherwise clean records of police service.

King stayed away from the courthouse and watched the TV reports of the sentencing, his attorney said, adding that "he was disappointed. He expected a sentence certainly longer than 2.5 years."

The judge ordered Koon, 42, and Powell, 30, to report to federal prison on September 27.

Los Angeles Mayor Richard Riordan went on television this afternoon to urge people to respect the decision even if they didn't like it.

Following the sentencing, people outside the federal courthouse commented that the sentences were too light and not constitutional while prosecutors said they were strongly displeased with the sentences. Blacks there were also very angry.

In South Central Los Angeles, site of the worst rioting in 1992, a vigil was held at First African Methodist Episcopal Church as the sentences were announced.

"I don't think that justice was done," said Gerald Chestnut, 40, who attended the vigil.

"It hurts. We're not equal. It's all right for the cops to beat up a black man," a 16-year-old girl said at the candlelight vigil.

In Washington, Justice Department spokesman Carl Stern said, "We are disappointed and are considering an appeal."

Black civil rights leader Rev. Jesse Jackson issued a statement saying the "decision sends a clear message of the worth of black life in the eyes of the judicial system. This kind of action only reinforces the feelings of hopelessness and despair that have engulfed our inner cities."

A white juror in the federal case, Erik Rasmussen, 55, said: "I'm really disappointed. It should have been a minimum of five years."

Up to now, there were no reports of violence following the sentencing. All available police officers have been called to work.

A three-day widespread and deadly rioting broke out on April 29, 1992, after the white police officers were acquitted of most of the charges in a state trial in the beating of the black motorist, leaving at least 54 people dead and more than 1 billion dollars in damage.

Central Eurasia

Tomur Dawamat Leads NPC Group on Kazakhstan Visit

OW0408140393 Beijing XINHUA in English 1335
GMT 4 Aug 93

[Text] Almaty, August 4 (XINHUA)—A Chinese National People's Congress (NPC) delegation headed by Tomur Dawamat, vice-chairman of the Standing Committee of the NPC, has arrived here for a six-day good-will visit to the Republic of Kazakhstan.

This is the first high-ranking Chinese delegation to visit Kazakhstan since the country became independent from the former Soviet Union in 1991.

Earlier Dawamat and his delegation visited Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. This is the last leg of the tour of the Chinese delegation.

On arrival in Almaty, Kazakhstan's capital, Dawamat said his delegation wished to promote understanding and friendship between China and Kazakhstan by contacting leaders of the Kazakhstan Government and parliament and figures from all circles.

Yeltsin Pledges To 'Limit Harm' to Reforms

OW0508034493 Beijing XINHUA in English 0301
GMT 5 Aug 93

[Text] Moscow, August 4 (XINHUA)—Russian President Boris Yeltsin today expressed anxiety at a sharp increase in fighting among different political forces, and pledged efforts to limit harm to ongoing reforms.

At a rally in the southern city of Oryol, Yeltsin in a speech accused his opponents of trying to block reforms. The rally had been called to mark the 50th anniversary of a World War II battle victory over the Nazis.

The 62-year-old president said he felt uneasy about a fresh round of "pointless" political strife which he said already had resulted in undesirable consequences. Everybody must begin to loathe such a power struggle, he said.

"Our reforms would have been more successful, there would have been more order if it were not for regular political strife and intrigue," he said.

He said his opponents' anti-reform policies "were provocative" and contrary to the wishes of the people, based on an April 25 referendum which showed popular support for his reform program.

He vowed to carry on his political and economic reforms, and said he was determined to limit harm from political fighting to a minimum.

Yeltsin appeared to use the rally to hit back at the conservative supreme Soviet or parliament, led by Chairman Ruslan Khasbulatov.

He criticized the parliament for having approved a series of resolutions late last month which he said contributed to an unstable economic situation in the country and threatened to stall the privatization process. That was "a blow to each one of us," he said.

He said any attempt to slow privatization would be met with a resolute counterattack.

Khasbulatov, who leads the opposition in the parliament, made it clear to Oryol's parliamentarians and to government officials Tuesday [3 August] that he opposes radical privatization plans and instead favors progressive reforms to avoid unnecessary hardships.

The series of anti-government policy resolutions passed by parliament forced Yeltsin to cut short his summer vacation. The latest development shows that the political struggle between Yeltsin and Khasbulatov has entered a new phase, analysts said.

Northeast Asia**Mongolia Denies MING PAO Report on Taiwan Policy***OW0408125793 Beijing XINHUA in English 1223
GMT 4 Aug 93*

[The MING PAO "report" referred to below is an unattributed special dispatch entitled "Mongolian Diplomat Expresses Support for Taiwan's Reentry Into the United Nations," published on page 7 of the 31 July edition of MING PAO. The dispatch is based on an interview done by an unnamed CNA reporter; see the CNA report on this issue, published in the Taiwan section of the 4 August China DAILY REPORT, page 70, under the headline "Mongolia Supports Taipei's Bid To Join UN"]

[Text] Ulaanbaatar, August 4 (XINHUA)—The Mongolian Government reaffirmed here today its one-China policy and dismissed as groundless a Hong Kong newspaper's report that Mongolia supports Taiwan's bid to join the United Nations.

A spokesman of the External Relations Ministry said in a statement that the Mongolian Government adhered to the one-China policy and he denied a July-31 "MING PAO" report, which says "Mongolian diplomats support Taiwan's effort to join the United Nations."

But he did not rule out the possibility that cultural, economic and trade ties between Mongolia and Taiwan could be forged through unofficial channels.

NPC Leader Wang Hanbin Meets ROK Youth Group*OW0508095293 Beijing XINHUA in English 0903
GMT 5 Aug 93*

[Text] Beijing, August 5 (XINHUA)—Wang Hanbin, vice chairman of the Standing Committee of China's National People's Congress (NPC), met here this afternoon with a delegation from the Korea Junior Chamber, Inc. of the Republic of Korea (ROK), which is led by its national President Song Chin-su.

The delegation is here on a six-day visit as guests of the All-China Youth Federation.

Korean Remains Brought Home From Shanghai for Reburial*OW0508090193 Beijing XINHUA in English 0823
GMT 5 Aug 93*

[Text] Seoul, August 5 (XINHUA)—The remains of five leaders of the provisional Korean Government, exiled in Shanghai, China, during the Japanese colonial rule of Korea (1910-45), were brought home for reburial on Thursday [5 August].

At the international cemetery in Shanghai Thursday morning, the remains were exhumed in a 30-minute ceremony as wreaths sent by South Korean President Kim Yong-sam and government dignitaries were laid.

Attending the ceremony were a 60-member South Korean Government mission, headed by vice patriots and veterans Minister Yi Chung-kil, relatives of the five leaders and some 200 Korean residence [as received] in Shanghai.

Prime Minister Hwang In-song officiated at a welcome service with some 250 relatives and citizens attending after the remains were transported to Kimpo International Airport.

The remains then proceeded in a motorcade of some 20 cars to the national cemetery here, where Hwang and other government leaders laid wreaths before the caskets.

The funeral and reburial services will be held on August 10 and the prime minister is to officiate at these services, expected to be attended by about 500 relatives and citizens.

Miyazawa Cabinet Resignation Paves Way for Coalition*OW0508095393 Beijing XINHUA in English 0858
GMT 5 Aug 93*

[Text] Tokyo, August 5 (XINHUA)—The cabinet of Prime Minister Kiichi Miyazawa resigned en masse today prior to the convening of a special session of the Diet (parliament) to elect a new prime minister.

The resignation came at an extraordinary cabinet meeting held at the prime minister's official residence here. It paved the way for the first election of a non-Liberal Democratic Party prime minister in 38 years.

Under constitutional rules, a cabinet must resign en masse upon the first convocation of the Diet after an election for the House of Representatives.

Miyazawa, 70, who resigned as the LDP president on July 22, took responsibility for a party split and its losing of a lower house majority in the July 18 election. Yohei Kono on July 30 replaced Miyazawa, who had come to power in late October, 1991.

Miyazawa was forced to dissolve the lower chamber on June 18 when the opposition camp, with the help of LDP renegades, succeeded in passing a humiliating no-confidence motion against the Miyazawa government. The opposition parties had attacked Miyazawa for his failure to achieve oft-avowed political reform during the last Diet session.

Kono, 55, who resigned as chief cabinet secretary today, and Japan New Party (JNP) leader Morihiro Hosokawa are expected to be the two main candidates in the Diet

election for premiership, along with Japanese Communist Party (JCP) chief Tetsuzo Fuwa.

Among the three candidates, Hosokawa, 54, is almost certain to win as a seven-party non-LDP alliance backing him outnumbers the LDP in the 511-seat lower house.

The alliance has a combined 260 seats in the all-powerful lower house while the LDP has 228, and the JCP 15.

The seven parties are the Social Democratic Party [of Japan] (SDP) [SDPJ], Shinseito (Japan Renewal Party), Komeito, JNP, Democratic Socialist Party (DSP), Sakigake (Harbinger) and United Social Democratic Party (USDP).

The LDP had maintained a dominance in the lower chamber since its founding in 1955, thus enabling whoever held the top post to automatically assume the prime ministership.

But with the long-ruling LDP's poor showing in the general election, the post no longer assures the premiership.

Before the election for prime minister, the lower house is expected to elect former SDPJ Chairman Takako Doi as its new speaker. Doi, 64, will be the first woman to head a chamber of the Diet in Japan's history.

The LDP has demanded that one of its members should become the lower house speaker in accordance with Diet custom because it is the largest party in the decisive chamber.

Hosokawa is expected to hold separate talks with the leaders of the coalition parties on his new cabinet and to form his government before the end of the day.

He is reportedly in favour of appointing non-Diet members as foreign, justice and education ministers.

Akio Morita, Sony Corp's co-founder and chairman, may be chosen as Foreign Minister, while Yoko Nuita, former National Women's Education Center head, has the inside track to head the education ministry, political sources said.

Morita is also known for co-authoring *The Japan That Can Say No* with conservative LDP maverick Shintaro Ishihara. The controversial book, published in 1989, reportedly enraged United States lawmakers by recommending a tougher stance in dealing with U.S. market-opening demands.

Hosokawa has been reportedly holding consultations on distributing cabinet posts with his main ally, Sakigake head Masayoshi Takemura. Takemura is likely to become chief cabinet secretary, a post that serves as the top spokesman for the prime minister and his government.

Hosokawa plans to name Shinseito leader Tsutomu Hata, a leading LDP defector who helped the June 18

passage of the no-confidence vote on the Miyazawa cabinet to the posts of finance minister and deputy prime minister.

He also wants to bring other leaders of the six coalition partners into the cabinet to facilitate cooperation in implementing policies and to solidify the coalition's power base, political sources said.

Policy Consistency, Continuity Urged

OW0508084693 Beijing XINHUA in English 0813
GMT 5 Aug 93

[Text] Tokyo, August 5 (XINHUA)—Outgoing Prime Minister Kiichi Miyazawa today called on his successor to maintain consistency and continuity in both domestic and foreign policies.

His plea came in a statement released by Chief Cabinet Secretary Yohei Kono after the cabinet resigned en masse at an extraordinary session.

In the statement, Miyazawa expressed regret over his failure to implement frequent promises of political reform during his tenure and expressed the hope that drastic political reform would be carried out as soon as possible.

A coalition government to be headed by the Japan New Party leader Morihiro Hosokawa is expected to be formed later in the day when a special session of the Diet (parliament) is convened to elect a new prime minister.

The formation of a coalition government will formally mark an end to the Liberal Democratic Party's 38 years of uninterrupted monopoly on power.

The Diet session, which was originally to open at 1:00 P.M. was delayed because of squabbling between the LDP and the non-LDP alliance over the selection of a lower house speaker.

Under Article 70 of Japan's Constitution, a cabinet must resign en masse upon the first convocation of the Diet after an election for the House of Representatives.

Southeast Asia & Pacific

NPC Chairman Qiao Shi Continues Thailand Visit

Explains Overseas Chinese Policy

OW0408145593 Beijing XINHUA in English 1432
GMT 4 Aug 93

[Text] Bangkok, August 4 (XINHUA)—The Chinese Government cares about Overseas Chinese and protects their legitimate rights and interests, but Overseas Chinese should abide by the laws of their resident countries, a senior Chinese leader said here today.

Addressing a dinner party hosted by the Chinese community in Thailand, Qiao Shi, chairman of the Standing

Committee of the Chinese National People's Congress, called on Overseas Chinese to live in amity with local people and to contribute to the economic prosperity of their resident countries.

"We approve and support the acquisition of the nationality of a resident country by the Overseas Chinese on their own will. Those who have acquired such nationality should show their loyalty to the country of their nationality and fulfill their corresponding obligations," Qiao said.

He expressed appreciation of the Thai Government's policy toward local Overseas Chinese and Thai nationals of Chinese origin.

"The Thai Government has adopted a friendly policy towards the Overseas Chinese in Thailand and provided them with conditions for a happy life," he said.

He also spoke highly of the friendly relationship between China and Thailand and the contributions made by Thai nationals of Chinese origin toward Sino-Thai friendship.

"Sino-Thai friendship is blooming like fresh flowers, colorful and luxurious. All this should be attributed to the efforts made by both countries, including yours," Qiao told the gathering.

Reaffirming China's policy toward its own national reunification, Qiao said "We are determined to push forward the great cause of national reunification in accordance with the policy of 'peaceful reunification' and 'one country, two systems,' and stand firmly against any form of 'two Chinas,' 'one China, one Taiwan' or 'one country, two governments.'"

Qiao called on the Taiwan authorities to "follow the will of the people and take concrete actions to remove barriers as soon as possible so that there can be fresh developments in the relations across the Taiwan Straits."

"We also hope that our overseas compatriots will make their positive contributions to the promotion of peaceful reunification of the motherland," he added.

This afternoon, Qiao and his party visited the Grand Palace in the capital.

Exchanges Views With Prime Minister

OW0508060993 Beijing XINHUA in English 0522 GMT 5 Aug 93

[Text] Bangkok, August 5 (XINHUA)—Visiting chairman of the Standing Committee of the National People's Congress of China, Qiao Shi, met Thai Prime Minister Chuan Likphai here this morning.

During their meeting, Qiao and Chuan, who will visit Beijing later this month at the invitation of China's Premier Li Peng, briefed each other on the economic development in the two countries and exchanged views on enhancing bilateral cooperation.

After giving an account of his agricultural program aimed at improving the standards of living in the countryside, Chuan told Qiao that he was glad to see the rapid development of China's economy.

China's economy, Qiao said in reply, has really enjoyed a fast development over the past decade. "But we have also encountered a series of problems in the process of economic development," he added.

Qiao then briefed his host about the measures the Chinese Government has recently adopted to ensure a healthier economic development.

"A nine percent annual growth rate is appropriate for a country like China, which has rather weak foundations," said the chief legislator.

On bilateral relations, the Chinese parliamentary leader said, "there is a very wide range of areas in which China and Thailand can cooperate, not only in the economic field, but also in dealing with unreasonable distributions of income and with rural poverty," Qiao said. [sentence as received]

The two leaders also discussed details of a plan for establishing an economic circle between southwest China, north Thailand, Myanmar [Burma] and Laos.

Qiao arrived here on Tuesday [3 August] for a five-day visit and is scheduled to leave on Saturday for the Philippines, the last leg of his five-nation Southeast Asian tour. He has already visited Indonesia, Malaysia and Singapore.

Meets King, Discusses Ties

OW0508124593 Beijing XINHUA in English 1222 GMT 5 Aug 93

[Text] Bangkok, August 5 (XINHUA)—The Chairman of the Standing Committee of the National People's Congress (NPC), Qiao Shi, held a cordial meeting with King of Thailand, Phumiphon Adunyadet, here this afternoon.

The king said that visits of the imperial family members of Thailand to China and Qiao's current visit to Thailand will not only promote mutual understanding and friendship, but also be good for developing friendly relations between the two countries and cooperation between the two parliaments.

The king expressed the hope that Thailand would cooperate with China in the fields of energy and electric power.

"I also hope that China will play an important part in developing and utilizing the upper reaches of the Mekong River," the king said.

Qiao, who is continuing the fifth day of his visit in Thailand, said that China has the same enthusiasm in developing and utilizing the upper reaches of the Mekong River.

"We hope that drastic breakthroughs will be made in coming years under the active cooperation of all participants," Qiao said.

He also said that although China's economy has developed quickly in the past few years, it has encountered some problems.

"A package of measures for macro-controlling have been adopted recently, and initial results have been received so far," Qiao said.

Commentary on Qiao Shi Visit to Singapore

HK0508090593 Beijing ZHONGGUO XINWEN SHE
in Chinese 1030 GMT 1 Aug 93

[By staff reporter Dai Yaping (2071 0068 1627): "Further Cooperation in All Fields—Commentary on NPC Chairman Qiao Shi's Trip to Singapore"]

[Text] Although the visit to Singapore by Qiao Shi, chairman of the National People's Congress Standing Committee, has been brief, the results are far beyond parliamentary diplomacy. We may put it that in the wake of the visits by Deng Xiaoping, Yang Shangkun and Li Peng, Chairman Qiao Shi's recent visit has greatly advanced comprehensive Sino-Singaporean cooperation in the political, economic, and all other arenas.

Through frequent reciprocal visits by high-ranking leading members of the two countries over the past dozen years or so, mutual friendship and trust have grown more profound with each passing day, and the two sides share extensive common understanding in various aspects, including the regional and world situations and economic development. Over the past 10 years or so, Lee Kuan Yew has visited China on nine occasions, Wee Kim Wee on two occasions, and Goh Chok Tong and Ong Teng Cheong on five occasions each. Aside from the supreme leadership, Vice Premier Qian Qichen, State Councillors Chi Haotian and Li Tieying have visited Singapore one after another this year.

In Beijing earlier, Qiao Shi expressed his great interest in Singapore's experiences in economic legislation and construction. Aside from meeting top Singaporean leaders during his visit, he made a special trip to visit and investigate Jurong Admiralty and the Attorney-General's Chambers, and showed the great interest of the Chinese leadership in Singapore's experiences. During his visit, Qiao Shi said: "Singapore's work in this arena is worthy of our study and attention."

The international and regional situation also were an important topic in the talks between Qiao Shi and Singapore's leaders. During his state in Singapore, Qiao Shi stated that even when China grew stronger in the future, it would remain a primary force in safeguarding world peace and stability. China is willing to unfold cooperation with ASEAN countries on the basis of

mutual benefit so as to make contributions to the region's continuous economic development, peace, and stability.

Senior Minister Lee Kuan Yew and Prime Minister Goh Chok Tong highly praised China's great accomplishments since reform and opening up, and believed that China certainly would handle appropriately the issues surfacing in its economy, would accumulate richer experiences, and would turn China into a prosperous country. The two sides also have reached common understanding on economic development and importing foreign funds, while maintaining the fine cultural tradition of the East.

In recent years, Sino-Singaporean relations in economic cooperation and trade have continued to grow, and this tendency has continued to gain momentum since the beginning of this year. The Suzhou Industrial Garden District, a project in cooperation between the Singapore Labor Foundation (International) Company, with Vice Premier Ong Teng Cheong as its board chairman, and the Suzhou city government, has entered a substantial phase of progress. In early July this year, Lee Kuan Yew and Ong Teng Cheong headed a 200-member delegation to Shandong for investment investigation. Earlier in June, Yantai organized a big-business delegation to head for Singapore to invite investment. Several large Singaporean banks have set up branches and offices in Beijing one after another. During this reporter's stay in Singapore, Fujian and Jiangsu sent their delegations there one after another to invite investment and promote marketing. Singapore's investment in China was \$1 billion last year, whereas scores of large Chinese companies have set up offices in Singapore one after another to undertake engineering projects.

During their meetings, the leading members of the two countries held an optimistic attitude toward future economic cooperation and trade. Related figures believed that the comprehensive development of bilateral relations has provided a vast space for people in the industrial and commercial circles to do business.

Shandong Vice Governor Meets Singapore Delegation

SK0508034393 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 4 Aug 93

[Text] On the evening of 4 August, Vice Governor Wang Yuxi cordially met with a delegation of police officers from Singapore headed by Commissioner-General (Zheng Daba) at Qilu Hotel in Jinan.

During the meeting, Vice Governor Wang Yuxi extended a welcome to the delegation of police officers of Singapore and expressed hope that both sides would further strengthen contacts and cooperation, and promote an unceasing development of friendly relations between Shandong Province and Singapore.

Responsible comrades of the provincial Public Security Department and of the provincial Foreign Affairs Office were present at the meeting.

Shandong Secretary Jiang Chunyun on New Zealand Trade

OW0508060793 Beijing XINHUA in English 0531 GMT 5 Aug 93

[Text] Wellington, August 5 (XINHUA)—Huge potential for economic cooperation between New Zealand [NZ] and China's Shandong Province is being tapped, according to a senior visiting Chinese official today.

Business people from both sides had shown enormous interest in economic cooperation in a spate of projects involving various sectors, Jiang Chunyun, secretary of the Shandong provincial committee of the Chinese Communist Party, told XINHUA in an interview.

Jiang, a member of the Political Bureau of the Chinese Communist Party Central Committee, is leading an economic delegation to visit New Zealand. The delegation has had talks with business people from Wool Board, Dairy Board, agriculture and forestry departments as well as fishery and geological institutions.

The most promising sectors would likely cover forestry, fishery, mineral resources prospecting and NZ's high-tech transfer in agriculture, Jiang said.

Possible specific projects might include joint venture to develop forest plantations and wood processing, pump making, China's experts' involvement in NZ's gold prospecting and exploration of coastal iron sand [as received] to export to China and elsewhere in the world. Details for specific agreements are yet to be negotiated.

Some big state-owned enterprises have considered to set up representative offices in Jinan, capital of Shandong Province.

Near East & South Asia

Israel's Rabin Meets Provincial CPC Delegation

OW0508054493 Beijing XINHUA Domestic Service in Chinese 0151 GMT 4 Aug 93

[By reporter Li Hongqi (2621 4767 2475)]

[Text] Jerusalem, 3 Aug (XINHUA)— Israel's Labor Party leader and Prime Minister Yitzhaq Rabin met here today with a Chinese Communist Party delegation headed by Gu Jinchu, secretary of the Gansu CPC Committee. Both sides exchanged views on bilateral relations and on international issues of common concern.

The CPC delegation arrived here last evening at the invitation of the Israeli Labor Party to begin a six-day goodwill visit.

Prime Minister Rabin welcomed the visit of the delegation and expressed the belief that the relationship between the two parties and two countries will be further developed through the exchange of visits. He briefed the Chinese guests on the Middle East peace talks. He stressed Israel accepts the principle of exchanging territory for peace but he admitted that at present there are still hindrances and interferences to the Middle East peace process.

Gu Jinchu expressed the hope that the Middle East situation will further develop in a favorable direction, pointing out that a peaceful and stable situation in the Middle East will have a positive influence on the world. He briefed Prime Minister Rabin on the situation of China's reform, opening, and economic development. He hoped for a continued strengthening of cooperation between the two parties and two nations in the future.

Foreign Minister Shimon Peres also met with the Chinese delegation this afternoon.

Chi Haotian Meets Egyptian Military Delegation

OW0508122593 Beijing XINHUA in English 1141 GMT 5 Aug 93

[Text] Beijing, August 5 (XINHUA)—Chi Haotian, state councillor and minister of national defense, met here today with an Egyptian logistics delegation led by Major General Muhammad 'Abd-al Lebshetina [spelling of name as received], chief of the Logistics Authority of the Egyptian Armed Forces.

The host and guests agreed that the two sides should have more exchanges so as to deepen mutual understanding and expand cooperation.

Chi praised Egypt for its successes in developing the national economy and building up its defense capabilities under the leadership of President Mubarak.

He noted that the two countries and the two armed forces of China and Egypt enjoy amicable ties, with military leaders and ranking generals exchanging visits frequently.

He expressed the conviction that the current visit of the Egyptian logistics delegation will contribute to deepening mutual understanding and friendship of the two armed forces.

'Abd-al Lebshetina, who arrived here on Tuesday [3 August] together with the delegation, told Chi that the visit of his delegation is aimed at consolidating the friendship between the two armed forces and opening up new areas for cooperation.

The delegation has held fruitful talks with its Chinese counterpart in the past two days, he added.

Later today, Fu Quanyou, director of the General Logistics Department of the Chinese People's Liberation Army, hosted a dinner in honor of the Egyptian visitors.

The delegation is scheduled to inspect Chinese logistics research institutions and academies during its ten-day tour of China.

Sub-Saharan Africa

De Klerk, Mandela Worried About Violence

OW0308233993 Beijing XINHUA in English 2251
GMT 3 Aug 93

[Article by Teng Wenqi: "Violence Worries de Klerk, Mandela"]

[Text] Johannesburg, August 3 (XINHUA)—South African President F.W. de Klerk and African National Congress (ANC) President Nelson Mandela today expressed their anxiety over the current escalating violence in the country.

President de Klerk told a press conference here that the situation cannot go on like this and the townships must come to order.

He warned more troops may be deployed to the townships around Johannesburg where violence has killed more than 100 people since last weekend.

There is a perception that the government is not doing enough, the president said, adding that the fact is that there are logistical problems in dealing with the areas where boulders in the road, for instance, made it impossible for vehicles to enter.

Meanwhile, ANC President Mandela, at a press conference in Kuala Lumpur, capital of Malaysia, tonight appealed to the South African people to keep calm in the wake of the massacres in townships near Johannesburg at the weekend.

Mandela is on a visit to Malaysia and will return to South Africa on August 4.

Mandela said he called President de Klerk today about the latest killings, "and we exchanged views on how to address the problem."

SOUTH AFRICAN PRESS ASSOCIATION in its report from Kuala Lumpur said Mandela called on South African blacks to remember the background that the whites have held privileged positions in South African society for more than three centuries and now "they feel threatened."

Therefore, it is important for the builders of a democratic South Africa to, on the one hand, keep calm, and, on the other hand, keep the negotiation process moving forward, he added.

Mandela stated the threat to democracy talks came from the rightwing "and certain black organizations," which he did not name.

He said he is confident that the first non-racial election in South Africa, slated for April 27 next year, will go ahead on schedule.

Asked about the call by Anglican Archbishop Desmond Tutu for an international peace-keeping force to be sent to South Africa, he said the proposal had been discussed by various organizations in the country from time to time, and there are problems with it.

Mandela said the ANC proposal for establishing a local peace-keeping force drawn from various armed formations in South Africa has more advantages.

These armed formations know the country better but they will need foreign officers with the necessary experience to assist them, said Mandela.

ANC General Secretary Cyril Ramaphosa made the proposal at the multi-party talks at the World Trade Center near Johannesburg on August 2. The Conservative Party has rejected the proposal.

West Europe

Jiang Zemin, Others Send Wreaths for Belgian King

OW0408130893 Beijing XINHUA in English 1001
GMT 4 Aug 93

[Text] Beijing, August 4 (XINHUA)—At the Belgian Embassy in Beijing today, Lu Jiaxi, vice-chairman of China's National People's Congress Standing Committee, expressed his condolences on the unfortunate death of Belgian King Baudouin I.

Wreaths were sent by Chinese President Jiang Zemin, Lu Jiaxi, the Ministry of Foreign Affairs, the Beijing Municipal People's Government and the Chinese People's Association for Friendship With Foreign Countries.

Also expressing their sorrow on the occasion were leading officials of the Ministries of Foreign Affairs, Foreign Trade and Economic Cooperation, and Culture, as well as the Beijing Municipal People's Government and the Chinese People's Association for Friendship With Foreign Countries.

The king died of a sudden heart attack in Motril, Spain, on July 31. The following day, Jiang sent a telegram of condolence to Belgian Prime Minister Jean Luc Dehaene.

Jiang said in the telegram: "Shocked by the unfortunate death of His Majesty King Baudouin I, I express my deep mourning on behalf of the Chinese people and in my own name. Please convey my condolences to Her Majesty Queen Fabiola."

East Europe

Shenzhen Delegation Meets Polish Deputy Prime Minister

OW3007062793 Beijing XINHUA in English 0449
GMT 30 Jul 93

[Text] Warsaw, July 29 (XINHUA)—Polish Deputy Prime Minister Henryk Goryszewski expressed today his country's willingness to more closely cooperate with China in all fields.

Meeting with a delegation from the Chinese city of Shenzhen, Goryszewski said that China had made great achievements in its economic reform and Poland could learn much from China, especially in the establishment of special economic zones.

Mayor Li Youwei, head of the delegation, briefed Goryszewski on the construction of the Shenzhen Special Economic Zone.

Li expressed the hope for closer cooperation with major Polish cities, especially the city of Poznan.

Latin America & Caribbean

Chen Xitong Meets Cuban Party Delegation

OW0308081493 Beijing XINHUA in English 0757
GMT 3 Aug 93

[Text] Beijing, August 3 (XINHUA)—Chen Xitong, member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), met with a delegation of the Communist Party of Cuba here today.

Chen, also secretary of the CPC Beijing Municipal Committee, held a friendly conversation with the delegation headed by Jorge Lezcano Perez, member of the Political Bureau of the Communist Party of Cuba and also first secretary of the party's Havana provincial committee. Li Shuzheng and Li Beihai, head and deputy head of the International Liaison Department of the CPC Central Committee, were present on the occasion.

Brazil To Provide Iron Ore Under 30-Year Contract

OW0408014093 Beijing XINHUA in English 0047
GMT 4 Aug 93

[Text] Brasilia, August 3 (XINHUA)—China is going to buy 6 million tons of iron ore each year from Brazil under a 30-year contract at the price of 18 U.S. dollars per ton, according to Francisco Jose Schettino, president of the Companhia Vale do Rio Doce.

The company will send a delegation to China this month to sign a protocol of intent on the deal, he said in an announcement today.

The Brazilian ore will be loaded at the port of Sao Luiz in the state of Maranhao before being sent to China, he said.

Schettino also said that China's iron and steel industry has expanded enormously in the recent years, and that the country is becoming an important market for Brazilian iron products.

Political & Social

Shenzhen Radio Reports Casualties From Explosions

HK0508103393 Shenzhen Shenzhen Radio in Mandarin
0830 GMT 5 Aug 93

[Text] A station correspondent reports in a series of dispatches that there was an extraordinarily large explosion this afternoon at a warehouse for storing dangerous goods in an area near Qingshuihe, Shenzhen City. In passing the (Yayuan) elevated intersection on their way to the scene of the explosion the station correspondent saw heavy clouds of smoke rising above Qingshuihe, traffic held up all the way from the disaster site, and public security personnel trying to maintain order along the road. At 1428, there was a second explosion at the scene of the incident. Our station correspondent witnessed the collapse of buildings near the scene caused by the impact from the explosions. Public security personnel at road junctions leading to the scene were calling on people to leave the area.

Our correspondent followed the ambulance leaving the scene for (Huaqiang) Hospital to cover the situation there. According to a hospital medical staff member, as of 1600, when our correspondent filed the report, the hospital had admitted more than 150 injured persons.

Audience, our station correspondent (Li Xiaomei) has thus far filed two taped reports. Now, please listen to this one:

[Begin (Li) recording] At 1530, the Shenzhen deputy party secretary and Wang Zhaofu, executive vice city governor, were at the scene of the incident organizing operations. The garrison, armed police command, and the public security bureau have been told to set up a special disaster rescue operation command center. The area sealed off was determined by the explosions. He [the deputy party secretary] also requested.... [changes thought] I'm sorry; the area sealed off covers a radius of a certain distance from the center of explosions. He demanded full mobilization from public security and armed police forces across the city and the setting up of a makeshift emergency station some distance from the disaster site. From what I have seen at the scene, the hill behind the warehouse area in Qingshuihe is on fire and more than 300 armed policemen are fighting this hill fire. I have also seen city government and party committee leaders at the field command center directing the rescue operations, including Wang Zhongfu, Lin Zuji, (Li Ronggen), and Li Guangzhen. [end recording]

Audience, now please listen to the first report filed by station correspondent (Li Xiaomei) at 1520 this afternoon from the Qingshuihe explosion site:

[Begin (Li) recording] A dangerous goods warehouse owned by the Zhengzhen Anmao Dangerous Goods

Transportation Company exploded at 1326 this afternoon. At 1430, there was another explosion, when correspondents were on the scene. We all ran from the scene. As I understand, the Shenzhen City Public Security Bureau and all police substations were sealing off neighboring areas, which comprise the (Chaopu) and Urban Engineering Company, and evacuating residents on (Honggang) Road at 1326, when the explosion occurred. That is why at 1430, when correspondents were on the scene, there was another blast.... [sentence as heard] At 1440, this correspondent learned that more than 50 people have either been killed or injured. When we ran over to the (Xianke) Company, a few hundred meters from the blast, we found that the glass in the premises had been smashed and its ceiling had caved in. A few buildings right at the blast scene in Qingshuihe have either collapsed from the impact or have been blown out of shape. That is all. [end recording]

Audience, the station will interrupt programs at any time to bring you updates on the Qingshuihe explosion incident. Stay tuned. That is the end of this news program.

Further on Incident

HK0508124593 Hong Kong AFP in English 1225 GMT
5 Aug 93

[Excerpts] Shenzhen, China, Aug 5 (AFP)—At least 70 people were killed when two massive explosions rocked southern China's special economic zone of Shenzhen Thursday, triggering a fire that was still blazing more than six hours later, a reliable source said. In the worst accident to hit the dynamic zone created 12 years ago, a hospital doctor said at least 70 had died, but it was impossible to give a precise toll as casualties had been dispatched to hospitals across the region. [passage omitted]

An AFP photographer at the scene said flames were still gushing from the site more than six hours after the blasts occurred. Police threw a cordon in a radius of three to five kilometers (1.5 to three miles) around the area, and city traffic had been brought to a standstill, with only blaring ambulances and firetrucks making headway, he said. "The government has mobilized personnel including armed public security officers into the rescue operation," a Shenzhen government spokesman said. The explosions occurred at a warehouse used for storing unidentified dangerous goods in a site between Qingshuihe and Buji on the northern outskirts of Shenzhen, he said.

A resident doctor at Shenzhen People's Hospital said some 50 people were sent to their hospital, with a majority suffering minor injuries. "Some people suffered serious injuries," he said. More than 100 medical staff from the hospital had been mobilized to help in the rescue, while other injured were sent to a police hospital.

Shaken residents said by telephone that the warehouse was owned by a trading arm of the People's Liberation Army (PLA). Witnesses said the first blast occurred at

1:20 p.m. (0520 GMT), and the second, much louder explosion occurred some 40 minutes later. Government sources said two senior police officers were killed in the second blast, which took place at a nearby storage depot for household gas bottles. "There was one hell of a bang," was how one foreign businessman who was more than 12 kilometres (eight miles) from the blast described the second explosion to a Hong Kong radio station. Residents who live about five kilometres (three miles) from the blast site said the explosion shattered windows. "I was shaken from my nap by the explosion ... I rushed out feeling the whole building was trembling," one resident in central Shenzhen said. "It was like an earthquake," he said, adding he saw residents rushing out to the streets, wondering what had happened.

A spokesman at the Royal Hong Kong Observatory said people in the colony 50 kilometres (30 miles) to the south had been phoning in to find out if there had been an earthquake. It said a small vibration was felt at 1:26 p.m. (0526 GMT). [passage omitted]

Columnist Views Health of Central Leaders

HK0408154093 Hong Kong CHENG MING in Chinese
No 190, 1 Aug 93 pp 6-8

["Notes on a Northern Journey" by staff correspondent Lo Ping (5012 0393): "Political Bureau Dissuades Deng from Seabathing; Medical Checkups Find Jiang Zemin, Li Ruihuan, and Hu Jintao All Have Problems"]

[Text] On 26 June, the Political Bureau unanimously passed a Central Health Bureau's recommendation requesting Deng Xiaoping to stop sea bathing during his rest this summer and advising that mornings and evenings were absolutely not times for swimming. Jiang Zemin says: The Central Committee and Political Bureau must assume absolute responsibility for Comrade Deng's health and safety.

Rumors—some true, some false, and some half-truths—were not only emanating from Beijing but were also converging on the capital. This is unavoidable in a political and social system without any transparency. A large proportion of these rumors concerned Deng Xiaoping and were particularly shocking. For instance, there are now two rumors within the same circle in Beijing: One, Deng Xiaoping received a blood transfusion some time ago—this is from Shanghai; and two, Deng Xiaoping is suffering from testicular cancer—this is from overseas. It would be extremely difficult to verify these stories. I asked some of the "informed sources" who are in contact with high levels and all of them said there had not been any such news within the high levels. There was one message, however, which they believed was true....

Political Bureau Resolution Requests That Deng Xiaoping Refrain From Sea Bathing

The Political Bureau met on 26 June to discuss a recommendation from the Central Health Bureau, which

stated: Out of a great sense of responsibility for the party's cause and Comrade Deng Xiaoping's health and safety, Comrade Deng Xiaoping is requested to stop seabathing; mornings and evenings are absolutely not the time for swimming. The Political Bureau unanimously passed this and presented it to Deng Xiaoping as a Political Bureau resolution.

At the meeting, Jiang Zemin said: The Central Committee and Political Bureau must assume absolute responsibility for Comrade Deng Xiaoping's health and safety, which is the same thing as assuming absolute responsibility for the hopes of the whole party and people of the whole country. China's four modernizations and reform and opening up are at a critical juncture when no serious mistakes can be afforded. We report all major decisions and policy formulations to Comrade Deng Xiaoping and seek his instructions.

Another story says there is no problem with Deng Xiaoping's health and that he has gone to Beidaihe as usual, instead of traveling down south to vacation as some rumors would have us believe. The only difference from previous years is that Deng did not bathe in the sea at Beidaihe. There, apart from resting, Deng Xiaoping met the Central Military Commission [CMC] and attended a CMC meeting. There were stories that the meeting took place in Beidaihe because Deng Xiaoping was meeting and feting the commission members. This can be called a special Beidaihe meeting.

"A Toast to Deng Xiaoping's Longevity!"

Stories from Beidaihe high levels say leading CMC members arrived there during the afternoons of 9 and 10 July in special military planes. Some 20 security measures were adopted in parts of the Beidaihe area and roads. Vehicles passing that area were checked and road blocks on some roads have been increased. Armed police force patrol boats are cruising the waters off the Beidaihe beaches.

On the evening of 10 July, Deng Xiaoping met Jiang Zemin, CPC general secretary and CMC chairman, Liu Huaqing, Zhang Zhen, Chi Haotian, Zhang Wannian, Yu Yongbo, Fu Quanyou, and other CMC members; Political Bureau Standing Committee members Qiao Shi and Hu Jintao; alternate members Wen Jiabao; Deng Xiaoping Office director Wang Ruilin, Yang Dezhong, and others. According to the story, Jiang Zemin and Liu Huaqing proposed a toast to Deng Xiaoping on behalf of the party, government, and the military, saying: Let's drink to Comrade Deng Xiaoping's health and longevity and to the progress of the four socialist modernizations along Comrade Deng Xiaoping's direction! Deng Xiaoping returned the toast: "Let's drink to bigger achievements by the three forces in their efforts to revolutionize, modernize, and regularize themselves!"

Deng Xiaoping Has Hopes for the Army

On 11 July, before the 1 August Army Day, the CPC Central Committee CMC called an enlarged meeting in

Beidaihe. Persons-in-charge of all arms and services, military regions, military academies and institutes, and Ministry of National Defense research institutes attended the meeting. Deng Xiaoping attended the meeting and made a short speech. Deng said: Ours is an Army of the party, our socialist country, and the people. The Army must remain loyal to the party, the country, socialism, and the people; must rally behind the party Central Committee and, led by the Central Committee with Comrade Jiang Zemin as the core, defend the independence and sovereignty of our country, the cause we pursue, and the party line, principles, and policies. As long as the Army rallies around the Central Committee and absolutely obeys party orders and commands then, whether in peacetime or adverse situations, we shall prevail.

Medical Checks Show Deng Is Healthy On the Whole, With Minor Problems

Sources from the Central Health Bureau say Deng Xiaoping underwent a medical check after a rest at Laoshan, Qingdao. The result showed that his heart, lungs, stomach, liver, and blood pressure were normal. However, his legs did not respond well when walking, his left hand suffers intermittent tremors, and he has insomnia. It remains an open question whether the 18 swimmers from the People's Liberation Army sports team, who had arrived in Beidaihe in early June for preparations, would appear on Beidaihe beach with Deng Xiaoping. There are stories that the Political Bureau has asked Bo Yibo, Wan Li, Gu Mu, Yang Dezhi, and others to persuade Deng Xiaoping to observe the "resolution." As of the writing of this article, there has not been any news that Deng Xiaoping was going to swim. It seems very likely that Deng Xiaoping will observe the Political Bureau resolution.

Concerning Political Bureau Standing Committee's Consolidated Medical Report

Deng Xiaoping is the healthier one among the political heavyweights in Zhongnanhai. However, he is close to 90 years old and certainly cannot be as nimble as those of the "third generation." What about the health of those "third generation" men then? Some hard-won information recently obtained by this reporter can answer this question.

On 10 June, based on a consolidated medical report filed by a medical expert group on the basis of physical examinations on Political Bureau Standing Committee members between late May and early June, the Central Health Bureau of the CPC Central Committee General Office submitted a report to the Political Bureau—"A Consolidated Medical Report on Comrades Jiang Zemin, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, and Hu Jintao." The report attracted attention and caused alarm among Political Bureau members. The CPC Central Committee Central Health Bureau conducts comprehensive physical examinations on Political Bureau members, State Councillors, National People's

Congress [NPC] vice chairmen, and CMC members. A leading group was set up for this round of medical examinations, with Wei Jianxing as the group director, and Wu Jieping and Chen Minzhang as deputy directors.

Jiang Zemin Is Suffering from Intermittent Irregular Heartbeat and High Blood Pressure

The Central Health Bureau's report on 10 June reveals that Jiang Zemin, Li Ruihuan, and Hu Jintao all have ailments or are unhealthy.

Jiang Zemin's health: Intermittent irregular heart rates; high blood pressure at night; high cholesterol; and a history of an abnormal heartbeat.

Instructions from the Central Health Bureau: Comrade Jiang Zemin must not work over 10 hours a day and must limit work in the evening to three hours; he must not stay or work outdoors for more than 2 hours in high summer and winter seasons.

Its recommendations: Comrade Jiang Zemin at best should work only six to seven hours a day, and two at night, and take blood pressure measurement.

Li Ruihuan's Liver Functions Are Weak and His Lungs Make Gurgling Sounds

Li Ruihuan's health: Weak liver functions; occasional gurgling sounds from his lungs; and a history of hepatitis and jaundice.

Instructions from the Central Health Bureau: Comrade Li Ruihuan must receive hospital medical treatment to prevent a relapse of hepatitis and complications that may result from it. However, he can continue to work.

Its recommendations: Comrade Li Ruihuan should limit his working time to 10 hours a day to help with physicians' integrated treatment to restore liver functions and cure hepatitis.

Hu Jintao Has Low Blood Pressure and Irregular Heart Rates

Hu Jintao's health: Low blood pressure; occasional irregular heart rate; a history of high altitude diseases and pneumonia; and a weak physique.

Instructions from the Central Health Bureau: Comrade Hu Jintao must not work more than 10 hours a day, or work on plateaus and highlands, or take long-haul flights when travelling on business.

Its recommendations: Comrade Hua Jintao should continue to receive integrated treatment and exercise more to strengthen his physique. He should not work more than two hours at night.

Political Bureau Members Must Have Cardiac Checks and Take Daily Measurement of Blood Pressure

The Political Bureau has passed the Central Health Bureau's recommendations that CPC Central Committee Political Bureau members should have a routine heart checks and daily blood pressure checks (to be performed by their personal physicians-in-waiting), a weekly general physical examination and a thorough one each month; and either a general or a thorough check upon returning from a trip outside Beijing. As these are the rules of the Central Health Bureau, they are mandatory for Political Bureau members. The rules came into effect on 7 June.

The Central Health Bureau Installs Four More Expert-Led Integrated Medical Treatment Groups

According to the CPC Central Committee General Office, in June the Central Health Bureau added four more expert-led integrated medical treatment groups, of which there are now a total of eight. The four new groups are stationed in Jingxi Guesthouse, and the Xiangshan, Union, and Air Force Hospitals. The original four are stationed at Zhongnanhai, the Great Hall of the People, and the Beijing and 301 Hospitals. Shanghai, Guangzhou, Zhongshan, Qingdao, Dalian, Beidaihe, and Xian will set up, or expand, the Central expert-led integrated medical treatment groups, which for medical purposes will keep the medical files of all senior CPC leaders, including retired vice premiers, Political Bureau members, state councillors, NPC vice chairmen, CMC members, and vice chairmen of the Chinese People's Political Consultative Conference.

It is fair to say that the medical care for the CPC core leadership is carefully laid out and highly organized. A well-positioned medical staff member joked about the bigwigs in Zhongnanhai: "Unfortunately there is one loophole in that there are no psychotherapists to cure them of their power lust for one-party dictatorship. As long as they are not cured of the power disease, there is no way to remedy the corruption of party style."

Factions Dispute Responsibility for Problems

HK0508095093 Hong Kong CHENG MING in Chinese No 190, 1 Aug 93 pp 8-10

[Article by reporters Luo Ping (5012 0393) and Li Tzu-ching (7812 5261 0079): "The Chen Faction Attacks Deng; Qiao Shi Returns Fire"]

[Text] A friend from east China came and said upon meeting us: "This year, Beidaihe is not so busy as in the past."

This means being politically busy. Most of principal CPC leaders are not spending their vacations in Beidaihe this year. The CPC Central Committee Decides That Party and Government Leaders Should No Longer Go to Beidaihe for Summer Vacation [subhead]

Zhu Rongji, vice chairmen of the National People's Congress and the Chinese People's Political Consultative Conference, disclosed at a 3 July meeting of nonparty-members that the CPC Central Committee had decided that central party and government leading comrades at post (excluding nonparty members) would not go to Beidaihe for the summer vacation, nor would they go to other places for a rest; foreign press reports on a central meeting being held in Beidaihe were only rumors. The CPC Central Committee decided that central meetings generally will not be held in Beidaihe. Perhaps this is the reason why Beidaihe has not become a summer resort for CPC leaders this year.

The Chen Faction Spreads Remarks That Deng Should Be Responsible for Economic Confusion

Beidaihe not being busy does not mean that the high-level CPC leadership is not busy. The current economic difficulties, the financial crisis, and the extremely corrupt party style have triggered a skirmish that may lead to a fierce battle. To put it more accurately, the Chen Yun faction is making an initial offensive against the Deng faction by asking who is responsible for the current economic problems. The spearhead is directed against Deng Xiaoping.

A big battle is going to take place at central meetings and at the Third Plenary Session. The preface to the battle manifests itself as follows:

The Chen faction has spread the following remarks within the party and society: The escalation of economic confusion and the corrupt party style appeared prominently after Deng Xiaoping's southern tour. Deng Xiaoping's southern tour talks are responsible for this.

Zou Jiahua Says Zhu Rongji's Views Are Biased to the Left

During a speech at a State Council meeting in early June, Zou Jiahua said that the root cause of the current economic confusion was a central authority's abandonment of "socialism with Chinese characteristics." In the State Council, Zou Jiahua and Zhu Rongji have deeply impressed people as being "sworn enemies." The central authority described by the conservative Zou Jiahua as abandoning "socialism" presumably refers to Zhu Rongji, who tends to openness. A person from the State Council said that Zou Jiahua also aimed at Deng Xiaoping because "socialism with Chinese characteristics" was "invented" by Deng. Zou Jiahua "is using the opponent's spear to attack the opponent's shield," meaning that the inventor has thrown away his own invention: "socialism with Chinese characteristics."

This cadre from the State Council added that some ministerial-level cadres had something to say about Deng Xiaoping. Recently several ministers (including the finance minister) wanted to resign. This was an expression of their strong resentment against Zhu Rongji and also was a way for the conservatives to exert pressure on Deng Xiaoping.

The Third Plenary Session Cannot Be Held Earlier Because of the Two Factions' Contradictions

When discussing party style with persons in charge of the Shanghai municipal party committee in early June, Chen Yun stressed that "fundamentally the reason party style has become corrupt is that we basically have abandoned our propagation on Marxism and education with communist ideas as the core." He particularly pointed out that "our veteran comrades and leaders have lowered their guard against this." ("Notes on the Northern Journey" column in the June edition of CHENG MING carried this report).

As a number of contradictions between the Deng and Chen factions and between central and local authorities have remained unresolved and no common understanding has been reached between them, the third plenary session cannot be held earlier, as originally planned.

This fact indicates that the Chen faction already has begun its offensive for a big battle.

Zhu Rongji Indicates It Is Impermissible To Attack Deng Xiaoping

The Deng faction did not remain silent on this. At the above meeting Zhu Rongji "provided accompaniment" in a low tone. He said: Our party and government frequently ask Comrade Xiaoping for instructions and suggestions on policymaking and changes in policies; Comrade Xiaoping is concerned about our economic development and the deepening of reform. In other words, this means that it is impermissible to attack Deng Xiaoping. Another important member of the Deng faction expressed what Zhu Rongji had not said, and in particular, he refuted the allegation by one of the Chen faction (without mentioning the person's name) that Deng Xiaoping should be held responsible for the economic confusion and corrupt party style. His position and capacity are higher than Zhu Rongji's. He is Qiao Shi, member of the Political Bureau and chairman of the National People's Congress.

Qiao Shi Points Out the Need To Guard Against People Who Want To Hold Deng Xiaoping Responsible for Economic Problems

At a Political Bureau meeting in early July, Qiao Shi pointed out: We must guard against some people who have always been indifferent toward, and resentful against reform and opening up. Now they say that problems in the current economic development—including some prominent ones—have resulted from Deng Xiaoping's southern tour talks and the instructions he made in Shanghai in the spring of this year. They even say that the spread and deterioration of corruption in the party and society, bribery, privileges, degeneration, localism, and anarchism have resulted from Comrade Xiaoping's abandonment of the four cardinal principles. Their purpose is to oppose the party's central task and propagate the idea of taking class struggle and two-line

struggle as the key link, which could lead the party and the country to doom. Some of these people are experts who overtly agree with the 14th CPC National Congress resolution, but covertly oppose it.

These remarks, carrying a lot of weight, are directed against the conservatives and those who attack Deng. This is a heavy-weight punch, hitting the opponent to the quick. Subsequently Qiao Shi affirmatively said: "How to comprehensively and correctly understand Comrade Deng Xiaoping's instructions and theory, and how to implement comprehensively and correctly the 14th CPC National Congress resolution are urgent tasks facing all levels of leading groups at present."

This is not a battle between frontal offensive and frontal counteroffensive; this kind of boxing does not stop here. Apart from this kind of combat, there was a face-to-face trial of strength, which happened at a recent "meeting of veteran comrades."

A Meeting of Veteran Comrades Turns Into a Quarrel

In mid-June, the Central Committee held a meeting for veteran comrades at the Jingxi Hotel. This was the fourth meeting for them this year, and was presided over by Wan Li and Song Ping. Among those present were Yang Shangkun, Yao Yilin, Song Renqiong, Yu Qiuli, and Zhang Aiping. Veteran comrades refer to Political Bureau members, secretariat members, vice premiers, and members of the Central Advisory Commission's Standing Committee who all have retired from their posts. Generally they can attend some major meetings of the Political Bureau and the State Council. The Central Committee frequently reports to them on the domestic political and economic situations, and solicits their opinions and suggestions on principles and policies. A meeting of veteran comrades, as a matter of fact, means a political discussion or debate. As has been learned, the third meeting of veteran comrades was held in early May with the aim of making them arrive at a consensus on the present economic development and coordinate with central work, but this meeting turned into a quarrel. The Central Committee hoped to alleviate their contradictions at the fourth meeting.

Song Renqiong Performs a Sword Dance in Front of Bo Yibo

The quarrel was caused by different views on the line and orientation. At first, Song Renqiong and Bo Yibo had a quarrel. Bo Yibo said: "Veteran comrades should change their minds, otherwise they will lose their bearings and this will be harmful to the party's central task and will obstruct reform." Song Renqiong responded immediately: "The minds must be changed correctly; they must not be replaced with capitalism or with a theory that violates basic Marxist theory."

Song Renqiong's remarks were equivalent to accusing Bo Yibo and others of "being biased to the right" and of "becoming revisionists" and even of being captives of capitalism and the bourgeoisie. These "others" are

headed by Deng Xiaoping because he repeatedly proposed "changing minds" before, in the course of, and after his southern tour. Song Renqiong performed a sword dance in front of Bo Yibo with a hidden motive for Deng Xiaoping.

Deng Xiaoping: "What Does It Mean, Calling Each Other Names at a Meeting?"

When Song Renqiong and Bo Yibo were engaged in a fierce quarrel, Zhang Aiping, who belongs to the Deng faction, unshirkably joined the quarrel and helped Bo Yibo in his attack against Song Renqiong. The atmosphere of the meeting immediately become even more tense. Pointing at Song Renqiong, Zhang Aiping said: "There is a need to sum up the losses caused to the party's work by 'left' tendencies and to sum up one's own guiding thinking." Song Renqiong responded at once: "There is indeed an anti-Marxist ideological trend in the party. You are a revisionist, a fake revolutionary." With these abuses, the atmosphere of the meeting became explosive. As has been learned, calling each other names, flinging tea cups, banging the table, and even exposing each other's secrets followed one after another at the meeting.

This matter was brought to the attention of Deng Xiaoping, who was resting in Qingdao. He summoned Wan Li and Yang Dezhi, and told them to persuade both sides and to relay his words as follows: "When expressing different views, do not have prejudice. What does it mean, calling each other's names at a meeting?"

Song Renqiong Accuses Bo Yibo of "Landing Himself in the Muddy Stream of Bourgeois Ideology"

After a month of efforts, their contradictions were not alleviated. At the fourth meeting of veteran comrades, Song Renqiong and Song Ping criticized Bo Yibo again. Song Renqiong accused Bo Yibo of "consciously landing himself in the muddy stream of bourgeois ideology." Song Ping criticized Bo Yibo for "criticizing others as 'leftists' and 'conservatives,'" adding that he was a "hypocrite in terms of lifestyle and ideology."

"Hypocrite" was another label put on him. It was reported that Bo Yibo controlled his temper and retorted disdainfully: "I will not practice dogmatism or beat others with a stick."

The Two Factions' Struggle Will Develop to a Peak

The fourth meeting of veteran comrades was another round of quarrel, although there was no explosive scene at the meeting. These two rounds of quarreling showed that the Chen faction was overbearing and the Deng faction was not willing to be in an unfavorable position. These preludes, which were full of quarrels, suggest that from now until the third plenary session, the two factions' struggle will develop to a peak. An informed intellectual said that the Chen faction was wise in attributing all bad phenomena to Deng Xiaoping's southern tour talks. This intellectual said: "The biggest

responsibility for the deterioration into confusion and corruption should indeed go to Deng Xiaoping because this general architect carries out economic reform only, instead of introducing democratic reform, which could help resolve many problems."

Circular Urges Ban on 'Newswriting for Illicit Payment'

OW0408174193 Beijing XINHUA in English 1617 GMT 4 Aug 93

[Text] Beijing, August 4 (XINHUA)—The Propaganda Department of the Central Committee of the Communist Party of China and the Press and Publication Administration recently issued a joint circular to prohibit "newswriting for illicit payment."

Titled "Enhancing Professional and Ethical Construction in Journalism and Prohibiting 'Newswriting for Illicit Payment'", the circular calls for press units and journalists to adhere to the principle of serving the people and socialism, adhere to the spirit of the party and the principle of truth, abide by the law and professional discipline, be honest in performing their duties and defend the reputation and image of journalistic work.

It stresses that press units and journalists must not accept money or other retainers from units or individuals they cover.

It notes that news and advertising must be strictly separated and advertising must not be incorporated into newswriting.

It says that reporters and editors must not engage in profiteering through advertising.

Meanwhile, China's leading newspaper "PEOPLE'S DAILY" [RENMIN RIBAO] carries a commentary on Thursday [5 August] which calls for enhancing construction of professional journalistic ethics.

The commentary points out that the circular is a very important document concerning the new problems cropping up in the area of journalism.

It says that the vast majority of journalists probe deep into the realities of life and work among the common people, writing a great number of stories reflecting social progress. But the vile tendency of taking bribes still exists.

It says that this tendency deviates from the journalistic principle of serving the people and socialism and violates journalistic ethics.

It calls for a resolute check on such tendencies and a complete ban on "newswriting for illicit payment."

It says that the journalism of the party has a fine tradition.

The commentary urges all journalists to be responsible in the construction of journalistic ethics and resist erosion of values and the worship of money.

Further on Circular

OW0508011293 Beijing XINHUA Domestic Service in Chinese 0515 GMT 4 Aug 93

[Text] The Propaganda Department of the CPC Central Committee and the State Press and Publications Administration on 31 July issued a "Circular on Strengthening Vocational Ethics of Journalists and Forbidding 'Compensatory News Reporting'" to propaganda departments of party committees and news and publication bureaus of various provinces, autonomous regions and municipalities, and to various news services at the central level.

The circular said: Since the Third Plenary Session of the 11th CPC Central Committee, the journalists of our country have adhered to the party's basic line and the principle of serving the people and socialism, and have made important contributions to the cause of building socialism with Chinese characteristics.

The circular pointed out: Our journalists' quality is good, and they are devoted to their work with a creative spirit. However, problems of violating vocational ethics by journalists have emerged in recent years. Some news units and journalists have practiced "compensatory news reporting" when interviewing people or making reports. Some even demanded money or things from units or individuals being interviewed or reported. This kind of unhealthy practice has impaired the reputation and corrupted the minds of journalists. We must resolutely stop this practice.

Therefore, the circular puts forward the following demands:

1. All news units and journalists must clearly understand the tasks and duties entrusted by the party and the people, inherit and carry forward the fine tradition of journalism, adhere to the principle of serving the people and socialism, observe party discipline, adhere to truthfulness in news reporting, obey laws and discipline, be honest in performing their duties, and work hard to protect the good image and reputation of journalists.

2. In accordance with the guidelines of the "Circular on Strictly Forbidding the Acceptance or Presenting of Gifts, Money and Negotiable Securities by Party and Government Organizations in Official Activities," under no circumstances may news units and journalists accept gifts, money and negotiable securities from units or individuals being reported on or interviewed, and must not demand money or things from units or individuals being reported on or interviewed. Various units must not present gifts, money or negotiable securities to news units or journalists under any pretext, and must not use the method of offering important awards to attract journalists to various localities and units to cover news and make reports.

3. News reporting and advertisements must be strictly separated. News units must not use the form of news reporting to advertise for units being reported on. In carrying out news reporting, news units must not collect any money from units being reported. Reports for which fees are paid from units being reported on must be clearly marked as "advertisements."

4. News reports and operational activities of news units must be strictly separated. Reporters and editors must not engage in advertising business and gain profits from such activities.

5. Various news units should penetratingly educate journalists on journalistic ethics and on obeying laws and discipline, formulate regulations on self supervision and restraint, and accept supervision by society. It is necessary to encourage righteous behavior and vigorously commend those news units and journalists which are honest in performing their duties and are models in observing laws, discipline and vocational ethics. Those who violate discipline must be handled in a strict manner.

Ding Guangen Addresses Journalistic Ethics Forum

OW0408161293 Beijing XINHUA in English 1503 GMT 4 Aug 93

[Text] Beijing, August 4 (XINHUA)—Ding Guangen, member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), today called on journalists to improve professional ethics and to check the corrupt tendency of "newswriting for illicit payment."

Ding, also head of the Propaganda Department of the CPC Central Committee, made the remark at a forum sponsored by the department and the Press and Publication Administration.

The central topic of the forum was the implementation of the circular "on enhancing ethics in journalism and prohibiting 'newswriting for illicit payment'", which was jointly issued by the propaganda department of the CPC central committee and the press and publication administration.

Ding said that, with the development of China's economic reforms and socialist modernization, Chinese journalism has made remarkable progress in the past decade.

In general, he said, the nation's journalists are capable, devoted to their work and lofty-minded, and they persist in serving the people.

However, he noted, while the achievements of the journalistic circle are confirmed, the problem of "newswriting for illicit payment" should be eliminated, for it goes against journalistic ethics.

He said that the problem concerns only a small number of journalists, but it produces bad influence.

He said that the problem erodes journalistic work and undermines the reputation of journalistic services, disturbing the establishment of the new order of the socialist market economy.

Ding stressed that "writing news for illicit payment and saying good words in return for bribes" is totally against the principle that news reporting must be based on facts, objectivity and fairness.

He said that in socialist China, the phenomenon should be eliminated.

He said that solving the problem of "newswriting for illicit payments" should be listed as one of the key tasks in the reform of journalism.

He called on all circles in society to enhance supervision of journalistic work and commend those press units and journalists who abide by journalistic ethics.

He said that he believes that under the guidance of the theory of building socialism with Chinese characteristics and the party's basic line, the political and professional quality of the journalists' contingent will be improved and the ethical standing of journalists will be bolstered.

Participants in the forum exchanged their experiences in improving journalistic ethics. They noted that the circular agrees with the interests of the party and the people and conforms with the wishes of the journalists.

They expressed their determination to take measures to solve the problem of "writing news for bribes."

Urges Implementing Circular on Ethics

OW0508100493 Beijing XINHUA Domestic Service in Chinese 0755 GMT 4 Aug 93

[Text] Beijing, 4 Aug (XINHUA)—A forum on promoting journalistic ethics, sponsored by the Propaganda Department of the CPC Central Committee, was held at Zhongnanhai in Beijing today. Ding Guangen, member of the CPC Central Committee Political Bureau and Secretariat and head of the Propaganda Department, told the meeting: In this new period, journalists shoulder an important, historic mission, as well as the trust and expectation of the party and the people. Journalists should acknowledge their responsibility to the party, the people, and journalism, take effective action to improve journalistic ethics, and resolutely stop the unhealthy practice of "newswriting for illicit payment."

The central topic of the forum was the implementation of the circular "On Enhancing Ethics in Journalism and Prohibiting 'Newswriting for Illicit Payment,'" which was jointly issued by the Propaganda Department of the CPC Central Committee and the Press and Publication Administration. Participants reviewed the realities of the situation and exchanged experiences in promoting journalistic ethics. The consensus was that the circular

issued by the Propaganda Department of the CPC Central Committee and the Press and Publication Administration conforms to the interests of the party and the people as well as the aspirations of the broad masses of journalists, and they are determined to seriously implement its guidelines and stop "newswriting for illicit payment." Reports were made to the meeting by various news media on their experiences and self-discipline measures to ban "newswriting for illicit payment." The reports were delivered by Shao Huaze, director and editor-in-chief of RENMIN RIBAO; Guo Chaoren, director of the XINHUA NEWS AGENCY; and Yang Weiguang, director of the central television station. Other speakers at the meeting included Li Yan, executive vice chairman of the All-China Journalists Association; Wu Xinghua, RENMIN RIBAO reporter; and veteran journalist Wang Boqing.

Ding Guangen said: Journalists are an important force on the propaganda and ideological front. Under the correct leadership of the party Central Committee, hard-working comrades on the journalistic front have made remarkable achievements in journalism and contributed to it. With constant progress in China's reform, opening up, and socialist modernization, our journalistic reform is being deepened, our journalism enjoys vigorous development, and the contingent of journalists is becoming stronger and stronger. Generally speaking, this contingent of ours is good, it serves the people and socialism, it is devoted to work, and it has lofty ideals and fighting power.

Ding Guangen said: While fully affirming the achievements and the main trend, we must face squarely the problem of "newswriting for illicit payment" in violation of work ethics among the contingent of journalists. He said: "Newswriting for illicit payment" is an indication of money worship in journalism, as well as a reflection of unhealthy tendencies and corruption among the contingent of journalists. Although "newswriting for illicit payment" is practiced by a small number of journalists, it does serious harm. It corrupts the contingent of journalists, undermines the reputation of the news media, adversely affects the quality of socialist journalism, and interferes with the establishment of a new order of socialist market economy.

Ding Guangen emphasized: In essence, "newswriting for illicit payment" is an abuse of power for private gain. "Writing news for illicit payment and describing a bad thing as good in return for bribes" is totally against the principle that news reporting must be based on facts, objectivity and fairness. It also violates the party character of our journalism. We must not permit such behavior in our socialist China. The people have strong complaints against such a phenomenon, and the broad masses of journalists also raise strong objection to it.

Ding Guangen put forward concrete ideas on how to enhance journalistic ethics and resolutely ban "newswriting for illicit payment." He said: All news media should seriously implement the "circular," formulate

concrete procedures for the implementation, make the procedures public, and accept public supervision. Responsible comrades in the news media should set an example of strict self-discipline. Solving the problem of "newswriting for illicit payments" should be listed as one of the key tasks in the reform of journalism. All news media should constantly keep improving rules and regulations, institute a system of responsibility, and make journalistic ethics a standard requirement. Journalistic ethics should be regarded as an important basis for appraising cadres' performance and for determining their job title and ranking. We should correct certain malpractices which could breed "newswriting for illicit payment" and strengthen public supervision of journalism. Great efforts should be made to commend those press units and journalists who abide by journalistic ethics. Serious violators of journalistic ethics who persistently refuse to mend their ways should be dealt with sternly. Those who violate the law should be handled according to law.

In conclusion, Ding Guangen said: Building socialism with Chinese characteristics in a big country with a population of more than 1.1 billion is a great pioneering undertaking in the history of the development of mankind, as well as a splendid cause which requires hard work by several generations. Our cause in this era demands that journalists must have lofty moral values, a serious attitude of seeking truth, and selfless dedication. It is the duty and the mission, as well as an honor, for journalists to meet these requirements. All comrades doing journalistic work should inherit and carry forward the glorious tradition of socialist journalism, enhance their sense of responsibility in society, foster correct ideals, faith, outlook on life, and values, and serve the people wholeheartedly. These are the source of journalistic ethics, as well as the foundation of integrity and professionalism for journalists. Our journalists should be faithful recorders of the great era, active builders of socialist material and spiritual civilizations, and diligent creators of the new spirit of our time among the Chinese nation. We believe that if we work under the guidance of the theory of building socialism with Chinese characteristics and the party's basic line, keep to the orientation of serving the people and socialism, and constantly improve the political and professional quality of the contingent of journalists and promote journalistic ethics, journalism will certainly follow a correct direction, develop soundly and thrive.

Xu Weicheng, executive deputy director of the Central Propaganda Department, presided over the meeting. Leading comrades present at the meeting were Ai Zhisheng, the minister for radio, film and television; Gong Xinhuan, deputy director of the Central Propaganda Department [former director of the propaganda department of the Shanghai Municipal CPC Committee]; Fu Jie, member of the standing committee of the Central Discipline Inspection Commission; and Yu Youxian, director of the Press and Publications Administration. Also present were responsible persons from press units in Beijing, veteran journalists, and editors and reporters.

Party Building Urged in Advanced Education

OW0508085393 Beijing XINHUA Domestic Service in Chinese 1023 GMT 26 Jul 93

[By Central People's Broadcasting Station reporter Li Renzhu (2621 0088 0031) and XINHUA reporter Yin Hongzhu (1438 7703 4376)]

[Text] Beijing, 26 Jul (XINHUA)—Zhu Kaixuan, minister in charge of the State Education Commission, today told the 1993 national work conference on party building in institutes of higher learning that an important task for current party building as well as ideological and political work in institutions of higher learning is to organize all party members, teachers, students, administrative personnel, and workers to earnestly study the theory of building socialism with Chinese characteristics to improve their understanding, and to ensure that the contingent of party members will maintain a high degree of ideological and political unity with the party Central Committee, as well as remain highly integrated among themselves in terms of organization and action.

This meeting is jointly sponsored by the Organization and Propaganda Departments of the CPC Central Committee, as well as the State Education Commission, with the CPC Central Committee's approval. It will study the in-depth implementation of the guidelines of the 14th CPC National Congress and the "Program for Educational Reform and Development in China," sum up and exchange experiences gained since the three previous work meetings on party building in institutions of higher learning, and explore ways to further strengthen and improve party building and ideological and political work in institutions of higher learning under the new circumstances.

Li Lanqing, member of the CPC Central Committee Political Bureau and vice premier of the State Council, and Wei Jianxing, member of the Political Bureau and of the CPC Central Committee Secretariat and secretary of the Central Commission for Discipline Inspection, attended today's meeting.

In his report, Zhu Kaixuan pointed out: The current situation is good for institutes of higher learning; the political situation there also has been relatively stable. Party organizations at various levels in institutes of higher learning have in recent years enthusiastically taken the initiative to cope with the new circumstances, emancipate the mind, and make courageous explorations, and to sum up many new experiences gained through the process. Their major efforts included strengthening party building and ideological and political work closely centering on the realities of carrying out the party's educational policy and such professional work as reforming and developing the institutes, as well as teaching and scientific research; and persisting in improving the party ideologically and conducting ideological and political education for teachers, students, administrative personnel, and workers and regarding such endeavors as a major task in party building and

ideological and political work in institutions. Paying real attention, doing solid work, and stressing actual results, various institutes of higher learning are now in the process of further implementing in detail relevant central guidelines and various tasks put forward by the three previous meetings on party building in institutions of higher learning.

Zhu Kaixuan said in his report: While fully affirming results, we should also be able to see some new circumstances and problems that arise amid current party building and ideological and political work on the front of institutions of higher learning. Glaring instances include the following: Some comrades have failed to clearly understand the importance of party building and ideological and political work, as well as the favorable conditions and difficulties facing them; inadequate mental preparation and experience of doing a good job under the conditions of accelerated reform and opening up to the outside world, as well as establishing a socialist market economic system have resulted in ill-adapted thinking, substance, and work methods; while a number of party members, cadres, teachers, and students are confused about some issues related to theoretical and ideological understanding, money worship, extreme individualism, and the bad influence stemming from the pursuit of extravagant enjoyments have spread among some young students; the building of grass-roots party organizations remains weak in certain institutions of higher learning, with some party branches and members failing to give adequate play to their role and having a low ratio of party members among students of regular and special courses and among young teachers. In view of this, Zhu Kaixuan pointed out: Party building and ideological and political work are definitely not something we can do without, but something very important. Any views or propositions in favor of playing down or weakening party building and ideological and political work are wrong. He urged party organizations at various levels and all party members in institutions of higher learning to make sure they firm up their beliefs and enhance confidence to do an even better job in party building and ideological and political work in their institutions.

Zhu Kaixuan said: Because the CPC Central Committee has issued many important instructions on party building and ideological and political work in institutions of higher learning since the Fourth Plenary Session of the 13th CPC Central Committee, their concrete implementation will be the key issue for the period ahead. He pointed out the efforts needed at present and during the period ahead to further resolve problems in several aspects: It is necessary to strengthen ideological and political education in tackling current "hot" issues among party members, teachers, students, administrative personnel, and workers in institutions of higher learning; to further strengthen the party's leadership over the reform and development of institutions of higher learning and over the implementation of the "Program for Educational Reform and Development in China" in

an earnest and down-to-earth manner; to further strengthen the building of the leading bodies in institutions of higher learning to really turn them into a strong and united leadership and political core; to vigorously and safely advance reforming teaching methods for lessons on Marxist theory, as well as ideological and political education; and to enthusiastically do a good job in recruiting party members from among university students of regular and special courses and among young teachers.

At the meeting, the CPC Central Committee's and the State Education Commission's organization and propaganda departments commended 33 regular institutions of higher learning that scored outstanding results in party building and ideological and political work over recent years, as well as the Shijiazhuang Army Academy and three other military academies that made important contributions in providing military and political training for university students. Li Lanqing, Wei Jianxing, and others gave away awards to the commended institutes.

Attending this meeting were responsible comrades in charge of educational work from various provincial, autonomous regional, and municipal party committees; responsible comrades from organization and propaganda departments under the provincial, autonomous regional, and municipal party committees, and from departments under the State Education Commission and education departments (bureaus) of relevant ministries and commissions under the State Council; party committee secretaries from 108 institutions of higher learning and some military academies across the country; as well as some specially invited delegates. Lu Feng, Chen Zuolin, Xu Zhijian, Zhou Ziyou [0719 1311 3768], Wu Lianyuan, Liu Yunshan, Li Keqiang, Teng Teng, and other responsible comrades from relevant departments also attended today's general meeting.

Commentator Views Communist Outlook on Life

OW0408152493 Beijing QIUSHI in Chinese No 13, 1 Jul 93 pp 2-4

[Article by staff commentator: "Uphold Communist Party Members' Outlook on Life and Values"]

[Text] In commemorating the party's birthday, each and every party member must conscientiously conduct a self-examination and ask himself: For what purpose exactly did I join the CPC, and how do I view the values of life?

Comrade Deng Xiaoping once pointed out: "Being a Communist Party member and the duties that entails can only be summarized in the following two points: One must serve the people wholeheartedly and regard doing everything for the people's interests as the highest criterion for evaluating all party members. The goal is to realize socialism and communism." In other words, party members should regard the communist undertaking aimed at liberating the proletariat and all mankind as their lifelong pursuit; and, at the present stage,

should strive to realize the great undertaking of building socialism with Chinese characteristics and should reflect their own values by serving the people wholeheartedly.

The communist outlook on life and values reflects, in a concentrated form, the working class' selfless dedication and principle of collectivism. Our party is the vanguard of the working class, and our party members are the frontline fighters who represent the people' fundamental interests. They must wholeheartedly work for people's interests, not for the party's and its members' selfish interests. Selfless sacrifices and struggles are the essential special characteristics and conscious behavior of Communist Party members. Aren't communists said to be made of special material? The "special material" here refers to communists' qualities, not privileges, and they symbolize the pride and honor of party members. Such is the outlook on life and values practiced by the CPC since its inception. Why, during the war years, could a handful of party members mobilize massive people? Because the party members defied their personal safety and were ready to sacrifice their lives for the cause of liberating people. During the period of socialist construction, we also relied on party members at large—who shouldered heavier tasks than ordinary people and were the first to bear hardships and the last to enjoy comforts—in uniting people across the country and winning great success in socialist construction. Spiritual strength can be transformed into enormous material power. The communist outlook on life and values are always the source of our strength to overcome obstacles and win victories, and they form the party's important pillar of spiritual support, as well as the ideological foundations of people's support, affection, respect, and admiration for our party.

The communist outlook on life and values negates bourgeois egoism and the outlook that worships money. Some typical views of egoism and a money-worshipping outlook on life and values include the following: "Unless a man looks out for himself, heaven and earth will destroy him," "men are selfish animals," and "ideals equal profits, while the future means money." These views are diametrically opposed to the communist outlook on life and values. The process of upholding this communist outlook will certainly be one of fighting egoism and money worship. In the course of reform and opening up, as we assimilate and use the fruits of advanced civilization from developed capitalist countries, the bourgeois outlook on life and values can take the opportunity to spread and grow. Hence, we must resist and fight the bourgeois outlook on life and values even more conscientiously. Should we forsake the communist outlook on life and values, the party will be deprived of its spiritual pillar of support, resulting in ideological and political confusion and laxness in the organization; and the party will divorce itself from the masses and suffer serious setbacks. We should soberly realize that such a danger does not exist today. Words and deeds that play down the communist outlook on life and values are symptomatic of such a danger.

The proposition that "the communist outlook on life and values shows contempt for individual worth and negates personal interests" is a distortion of the communist outlook. It is not that we do not want personal interests or that we show no respect for individual worth. On the contrary, we believe that personal interests and individual worth should be fully respected and realized. Nonetheless, our party has always held that these two elements should be realized in the course of securing the party's and people's interests. Only in this way can we realize personal interests and individual worth in a most meaningful manner. When personal interests conflict with the party's and people's interests, party members should unconditionally surrender their interests in favor of those of the party and people; they should be ready to sacrifice everything, even their lives, in the interest of the party and people. Discussion of how to realize personal interests and individual worth without regard for the party's and people's interests goes against the communist outlook on life and values; it will only lead to the prevalence of egoism and mammonism.

The proposition that "the communist outlook on life and values will not work because it is beyond the primary stage of socialism" is also erroneous. The communist outlook on life and values originated from the working class' historic mission and noble character. Representing CPC members' lifetime goal and attitude toward life, this outlook applies to all stages of the party's career. Being in the primary stage of socialism means that we first enter a socialist society built on a socialist economic base and superstructure, with public ownership serving as the base's main component. The superstructure consists of Marxist-led ideology and political institutions led by the working class and based on the worker-peasant alliance. If the communist outlook on life and values is suited to and successfully guided by CPC members' actions during the democratic revolution, why would it be unsuited to the primary stage of socialism, which has arisen from social progress and the development of our cause? This proposition is theoretically untenable and extremely harmful in practice. To be sure, all outlooks on life and values are graded in the primary stage of socialism, with the communist outlook ranking as the most progressive and preeminent. While we cannot ask all citizens to become progressive and preeminent, CPC members must strive for these qualities. We cannot lower our demand for CPC members regarding progressiveness just because of its ranking. Only by maintaining CPC members' progressive quality can we join with people with varying degrees of political consciousness and guide them toward a higher level. Since our party set strict demands on CPC members during the democratic revolution, it has a more compelling reason to do so in the current stage. The primary stage of socialism should never be used as an excuse for downgrading the communist outlook on life and values.

The proposition that "maintaining the communist outlook on life and values is not conducive to the development of a market economy" shows a lack of a correct

understanding of the socialist market economy. A product of the combination of a market economy and the fundamental socialist system, the socialist market economy should be fostered and developed in conjunction with socialist spiritual civilization. A market economy can help develop productive forces and promote social progress. While it chiefly plays a positive role, it also has a negative effect. This effect is reflected in the field of morality; that is, the market economy can encourage egoism and mammonism. We should adamantly resist and oppose egoism and mammonism so that the communist outlook on life and values will stand firm as a rock, remain forever unchanged, and serve as a pillar. In the West, egoism and mammonism have evolved into a serious "social malaise." People with foresight are deeply aggrieved by this situation but have not found any effective measure to redress it. Why should CPC members downgrade or forsake our superior spiritual heritage by taking the old road of capitalism? Some people said: "Economic progress is achieved at the expense of moral integrity." It must be noted that a nation's moral degeneration and spiritual decadence will inevitably lead to economic deterioration and allow corruption, theft, and bribery to run rampant in the world. Under such circumstances, sound progress will be difficult to achieve in fostering a socialist market economy. Only by maintaining the communist outlook on life and values can we lead the masses across the ocean of the market economy and reach the opposite shore without anyone drowning in the process.

There is no denying the fact that in the face of the market economy's spring tide, some CPC members have slackened their efforts to study theory and to cultivate moral integrity; their outlook on life and values has indeed gone astray and eroded. Some people unduly stress personal interests over national and collective interests; they do not even hesitate to jeopardize national and collective interests to serve their own interests. In interpreting the need to lead the masses toward prosperity, some people think that it is the individual who should take the lead in getting rich without regard for other people. Preposterous arguments for "giving a proper name to the concept of individualism or money" have resurfaced in recent years; even absurd "criticism" of such solemn revolutionary slogans as "selflessness" and "utterly devoting oneself to others without any selfish thought"—criticism that was denounced by Comrade Deng Xiaoping long ago—has appeared in the press. A few party members completely ignore the communist outlook on life and values as they barter away personal and national dignity in their pursuit of wealth. They even openly trample upon the law, embezzle money, accept bribes, extort money, and become corrupt and degenerate. Although they are in the minority, they have exerted an extremely adverse effect and have seriously marred the party's image and prestige among the masses. Is there anything that is more worrisome than this?

Speaking at a national forum of propaganda department directors early this year, Comrade Jiang Zemin proposed

the task of stepping up propaganda and education on correct ideals, beliefs, and outlooks on life and values, saying: "Ideological education on these things has apparently become more important and urgent in the new situation, stemming from the drive for reform, opening up, and a socialist market economy. We should not only maintain our efforts but also must greatly strengthen such education." To achieve this end, CPC members evidently must harmonize their words and thoughts with their deeds in upholding communist ideals and beliefs, as well as the communist outlook on life and values. All honest, party-minded CPC members should bestir themselves and boldly fight against all thoughts and actions within the party that deviate from the correct outlook on life and values, instead of going with the current and wallowing in the mire with wrongdoers. Only by fundamentally improving party conduct can we thoroughly improve social morals. The following famous dictum by Karl Marx applies to this matter: "A practical move is more important than a dozen guiding principles."

'Pen Talk' on Arming Party With Deng Theory

HK0408115093 Beijing RENMIN RIBAO in Chinese 2 Aug 93 p 5

["'Pen Talk' on Arming the Whole Party With Comrade Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics" by Du Xiangrong (2629 4382 2837), secretary of the Zibo City CPC Committee: "Practice of and Thoughts on Studying and Implementing the Theory of Building Socialism with Chinese Characteristics"]

[Text] The theory of building socialism with Chinese characteristics is our party's valuable spiritual wealth. To study and implement this theory in light of the realities of our locality and in a creative way is a fundamental guarantee for the success of our cause. Since the Third Plenary Session of the 11th CPC Central Committee, and especially during the past few years, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics we have continued to advance on a path which ensures and promotes a sustained, steady, and harmonious development in the political, economic, and social fields and which conforms with the reality of our city. The city's GNP has been doubled three years ahead of schedule. Last year, the city's GNP reached 17.4 billion yuan, national income was 14.5 billion yuan, and gross industrial and agricultural output value totaled 38.8 billion yuan. Over the past six years or so economic returns have increased at an average rate of over 10 percent annually. Both the economic rate and the amount of economic returns have been increasing simultaneously.

Reviewing our work during the past few years, our main experiences are as follows:

1. The theory of building socialism with Chinese characteristics must be studied and implemented in a creative way. The theory of building socialism with Chinese characteristics was put forward by Comrade Deng Xiaoping by combining the basic principles of scientific socialism with China's national situation, reflecting the scientific spirit of emancipating the mind and seeking truth from facts. China is a large country and the situation in the various areas differs in thousands of ways. When making decisions on their roads of development, all localities and cities should proceed from their own realities and make creative explorations. In Shenzhen, there is a "road for Shenzhen" while in southern Jiangsu, there is a "southern Jiangsu pattern." Under the guidance of the theory of building socialism with Chinese characteristics, all roads lead to the magnificent objective of socialism. The diverse development patterns of various localities show that socialism with Chinese characteristics is rich and colorful and the fresh experiences created by various localities in their course of development will certainly further enrich and intensify the theory of building socialism with Chinese characteristics. In order to study and implement this theory, it is necessary to proceed from the realities of the various localities rather than mechanically copying the experiences of others. To do a good job in combining theory with local realities is a basic requirement for all local party committees. This is why we have established a strict and scientific policymaking procedure on the basis of gaining a full understanding of the spirit of the higher authorities, the city's situation, and the external situation. As a result of our continuous efforts to combine theory with our local conditions and make policy decisions in a scientific way, we have ensured the correctness of our three major development strategies, namely: Integrating town and country; invigorating the city through the application of scientific advances and the promotion of education; and putting the export-oriented industries in the lead and we have also promoted development in the economic field and various social undertakings.

2. To continue to take economic construction as the central task is a substantive content of the theory of building socialism with Chinese characteristics. Comrade Deng Xiaoping said: In the final analysis, building socialism in China means developing the productive forces and gradually developing China's economy. If socialism is always poor, it cannot subsist. In his important speeches made during his south China tour, he regarded the emancipation and development of productive forces as the most important content of the nature of socialism. To the leaders of a locality or city, continuing to take economic construction as the central task means two things: First, they must always put economic construction in the central position and "never slacken their efforts in doing so." Through the practice of reform over the past 10 years and more, the party's basic line has struck root in the hearts of the people. Under normal conditions it is not difficult for us to put economic construction in the central position. The problem lies in

whether or not we can continue to take economic construction as the central task without vacillation when certain sudden incidents or unexpected changes have taken place inside or outside the country. This will be a severe test for the leading cadres. Over the past few years, although the main leading comrades of our city party committee have been changed several times, the members of the standing committee have always had a good understanding of the significance of economic work. During the first years of the Seventh Five-Year Plan, we put forward the basic guiding ideology of "taking economic construction as the center and having everything submit to and serve this center rather than to obstruct and affect it." Because we firmly grasped the center of economic construction, the city fulfilled the main economic tasks for the Seventh Five-Year Plan one year ahead of schedule and doubled its GNP three years in advance. As a result, the people's minds have been set at rest, the social order is good, and the masses of people have a firm faith in socialism. Everywhere in this city people can feel the Zibo spirit, which is characterized by "getting united, doing solid work, and striving for the best" and it can be seen that everyone here is in high spirits. Second, we must be good at grasping economic construction. For local party committees, strengthening leadership over economic construction means taking the overall situation into consideration and paying attention to and making great effort to promote the development of the major issues of economic construction. After determining the road to follow, making division of work, working out policies, and improving the leading bodies, we effectively strengthened leadership over economic construction and mobilized the initiative of the various levels and various circles. This resulted in a situation wherein both the leaders and the masses were making concerted efforts to promote economic construction. The first thing we did was to harmonize relations between the five city-level leading bodies and form a joint leadership force for economic construction, with the city party committee at the core. A system of division of work with individual responsibility among the leaders was worked out and all leading bodies gave play to their functions and roles around the center of economic construction. Under the unified leadership of the city party committee, they were making concerted efforts to promote economic construction. The next thing we did was to encourage the departments directly under party and government organs to make concerted efforts to serve economic construction. For example, the comprehensive economic departments changed their functions and regarded serving the grass roots as an important task; the organizational departments carefully selected cadres to ensure the needs of the overall economic situation; the propaganda departments carried out vigorous propaganda on the party's basic line to create a good media environment for economic construction; and the law and discipline enforcement departments handled cases of violation of law and discipline in good time to ensure that economic construction could proceed on the healthy track of socialism. The third thing we did was to give play to our political superiority and mobilize the broad

masses of people to turn the party committee's determination into the action of the broad masses of people.

3. In building socialism with Chinese characteristics it is necessary to do two types of work simultaneously. An important reason for the sustained, steady, and harmonious development in our city's political, economic, and social fields over the past few years is that we have effectively implemented the policy of "doing two types of work simultaneously and attaching equal importance to both." We believe that the more we carry out reform and open to the outside world, the more it is necessary for us to strengthen and persist in building spiritual civilization. The city party committee has "held a meeting to mobilize the masses, carried out an investigation and study, and commended the advanced once every year" for the past few years. The building of spiritual civilization was placed on the agenda. Activities of building spiritual civilization were carried out in an organized way, under party leadership, and with perfect contingents of cadres and systems, such as the activity of developing the Zibo spirit with contests for "making contributions to the construction of Zibo" and competitions in building civilized districts, counties, and units and commending civilized citizens. The effective activity of building spiritual civilization provided reform, opening up, and economic construction with a powerful spiritual force and intellectual support. It vigorously promoted Zibo's economic development and social progress.

4. It is necessary to effectively do a good job in party building. In building socialism with Chinese characteristics, we cannot do without the leadership of the CPC. This is an irrefutable truth. As to whether or not a prefecture or city can successfully carry out the modernization drive, the key lies in whether it has a powerful leading body for the party. Over the past few years, we have firmly grasped party building around the center of economic construction and endeavored to increase the party's administration and leadership level, continuously enhancing the cohesiveness of the party organization. The party organizations at various levels in this city have always maintained a great fighting capacity in the reform, opening up, and the construction of socialist modernization. Since 1987, a responsibility system has been gradually established in the city to ensure the smooth progress of party building around the center of economic construction and the activity of "party building work year" has been carried out to promote the combination of party building and economic construction. In light of the practical needs of economic construction we have also promoted large numbers of outstanding cadres, who meet the "four requirements" [more revolutionary, younger, better educated, and more professional] and are familiar with economic affairs and capable of carrying out management, to the leading posts at various levels. Beginning in 1985, a system of tempering cadres at the grass-roots level has been practiced. To date, more than 5,900 cadres have been sent to the grass roots in eight groups to help promote economic

development there. The cadres have thus been tempered simultaneously. These measures have effectively increased the ability of party organizations at various levels in exercising control over the overall economic situation.

The most fundamental task for party building around the center of economic construction is to arm the vast numbers of party members and cadres with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Therefore, it is necessary to make great efforts to promote the theoretical building of the leading bodies. We believe that to carry out the new historical mission, we have to continuously study the new theories. Only when we have made more input in theory can we achieve a new leap in the process of cognition and a high output in practice. The most dreadful thing for a leading cadre is to be theoretically stupid and politically "blind." Especially under the conditions of developing a market economy, arming the leading bodies with theory is a more imperative and important task. In 1989, we established a committee for the cadres' theoretical study within the city party committee and a central study group from the city party committee. Since then, we have implemented a system of regular theoretical study, never slackening our efforts even when we are very busy. By strengthening theoretical study we have become more capable of making predictions and more scientific and active in doing our work in a comprehensive manner. We have also organized the vast numbers of party members and cadres in studying the relevant theories and facts about the market economy based on their specific educational backgrounds. The great majority of party members and cadres now in office, who have received education on the planned economy for a long time past, do not have a sound knowledge of the market economy. All party members and cadres face, to varying degrees, the heavy task of improving their knowledge structure, theoretical structure, and technical structure and also the heavy task of restudy and reeducation. Therefore, we have attached great importance to improvement of the quality of policymakers at the various levels. The ability of the vast numbers of party members and cadres to control the market economy has increased through study.

Book on 'Calamities' of 'Great Leap Forward'

HK0408113193

[Editorial Report] The banned book *Elegy of Paradise* (*Elegy* for short), written by Yan Zhonghua (7051 0022 5478), Zhang Yongheng (1728 3057 1854), Li Xiaobing (2621 1420 0365), Li Shiguang (2621 0013 0342), Li Fangjun (7812 2455 6511), Sun Zhongyong (1327 0112 0516), Duan Chen (3008 6591), Wu Qun (2976 5028), Su Feixin (5685 7378 2450), Wu Zhangxue (0702 4545 1331), and Shou Jianhua (1108 1696 5478), and edited by Chief Editor Zhao Feng (6392 0023), was published by the Zhaohua (Morning China 2600 5478) Publishing House in April 1993 and distributed by the Xinhua Bookstore Distribution Office in Beijing.

The 337-page, 280,000-character book is divided into six chapters. The book contains reports and descriptions of incidents which occurred from 1957-59, and details "the shocking historical facts of the 'Great Leap Forward.'" The people's communes of that period are described as being "filled with the blood and tears of several hundred million people."

In its "introduction" the book states that "the 'Great Leap Forward' and 'people's communes' campaigns looted the 9.6 million square km of China with the suddenness of a thunderbolt."

Elegy declares that "a life and death struggle was carried out, in which over 550,000 people labelled as 'rightists' and controlled with the Golden Hoop (a weapon used by the monk in the novel *Pilgrimage to the West* to control the Monkey King), suffered unredressed injustice for several decades."

The book deals at length with the series of decisions made by Mao Zedong and other CPC leaders to launch the "Great Leap Forward" and "people's communes" campaigns. Its "postscript" states: "In this book studying the 'people's communes,' the manuscripts take the CPC Central Committee's 'Resolution on Several Historical Issues Within the Party Since the Founding of PRC' as a standard, and scenes from those years are described as objectively and accurately as possible."

Elegy provides a historical backdrop to this period to help explain what caused China's leadership to adopt such policies in an attempt to produce "greater, faster, better, and more economic results in building socialism."

The origins of Mao's slogan "Catch up with and surpass Britain in 15 years," penned in Moscow in 1957, is analyzed and the background in which such policy aims were adopted is viewed. In June 1958, Mao Zedong wrote his instruction in a report entitled "Surpassing Britain in Two Years" saying: "Surpassing Britain is not a matter of 15 or seven years. Only two to three years is needed and two years is quite possible."

Elegy asserts that such unrealistic goals were adopted "because Mao Zedong and other CPC leaders were at the apex of a bureaucratic mechanism," and "favorable information was enlarged, exaggerated, and distorted unlimitedly, while problems in construction reported to the higher levels were repeatedly diminished." Consequently, "people at the top stratum had a false impression of the high growth rate in the course of building socialism. This gave rise to voluntarism in looking at things and the fanatical idea of 'man's wisdom being more powerful than anything else.'"

On the issue of Mao Zedong's "hotheadedness" with regard to policy decisions, *Elegy* cites Deng Xiaoping: "Comrade Mao Zedong was hotheaded during the Great Leap Forward. Were we not hotheaded? Comrade Liu

Shaoqi, Comrade Zhou Enlai, and I did not put forward any objection. Comrade Chen Yun did not say anything."

Elegy views the meeting at Beidaihe in August 1985, and the adoption of the "CPC Central Committee's Resolution on the Establishment of the People's Communes in Rural Areas." It quotes a popular slogan of that period: "The people's communes are bridges and communism is a paradise. 'The great savior of the people' never forgets to lead the people across the 'golden bridges' toward 'paradise.'"

The book says that "miracles" were reported everywhere to give material support to the approach of communism. "Authority identified itself with ignorance and science integrated itself with absurdity. This was the greatest sorrow of the times." The book continues: "'Miracles' encouraged the people, gave them strength, and made people deceive themselves and others. They in return promoted the Great Leap Forward." The book continues: "The 'communist wind' did not blow people to 'paradise,' but instead nearly blew them off the 'golden bridges' into the 'abyss of the crumbling national economy.'"

On "egalitarianism" during the "Great Leap Forward," the book states: "'Sharing food from the same big pot,' 'egalitarianism,' 'ironclad wages, the iron rice bowl, and iron armchair,' 'to work or not to work makes no difference, to work more or to work less makes no difference, good performance or poor performance in work makes no difference, and even those who work more get less than those who work less,' are varieties of egalitarianism in the new era and can still be found everywhere in China."

Elegy criticizes the practice of distributing bonuses and subsidies in enterprises equally regardless of contribution, and links the practice of 'eating from the same big rice pot' to the emergence of corruption because the practice provided "'stoves' for the privileged to 'eat from a small rice pot.'" The book continues: "While cooking the 'big rice pot,' shoddy work is done and inferior material is used. This is a way of fattening the privileged so they become more and more greedy and lose their socialist characteristics by and by. As a matter of fact, 'eating from a big rice pot' is the greatest unfairness. This is not just unfairness between units or between workers, but a relationship of 'exploitation' and 'being exploited' between the workers and the privileged."

Elegy chronicles the effects of the "Great Leap Forward" on China's industrial structure and the disruption of the balance between industry and agriculture as the latter was squeezed to fund industrial production, and food shortages resulted as agricultural production slumped. Focusing on the iron and steel industry, it states: "At the end of 1958, 90 million people were producing iron and steel in over 600,000 small, indigenous blast furnaces." Of 11.08 million tonnes of steel produced in 1958, only 8 million tonnes was usable. This, together with greater

consumption of materials and other higher production costs, resulted in a loss of 2.3 billion yuan in iron and steel production that year.

On the cumulative economic, human, and social cost of the "Great Leap Forward," *Elegy* states: "It is estimated that during the three years of the 'Great Leap Forward,' 400 billion yuan of economic losses were incurred.... and 40 million people died abnormal deaths, most of them from starvation." The book declares that these disasters were "30 percent natural calamities and 70 percent man made."

In its final chapter, *Elegy* describes a visit by Wan Li to people's communes in Anhui Province in 1978 when he was secretary of the Anhui Provincial CPC Committee. The book relates a story of Wan Li's car stopping in front of a peasant's house, where an old man and two girls squatted around a stove. Wan Li greeted them cordially, but the old man did not move. Wan Li was puzzled.

"Those accompanying Wan Li told the old man that Wan Li was the new party secretary. Only then did the old man stand up slowly. At that moment, Wan Li was shocked. It turned out that the old man was not wearing any trousers and his lower body was naked."

The two girls with the old man were also naked from the waist down and they were huddled round the stove trying to warm themselves"

After relating this tale, the book asserts: "He who stripped off the trousers of the people should be castigated and should be condemned by the people. Who is he after all? Who is he?! There is not just one incident in the bitter memory, and barren soil is not confined to one place. There were far more people with no trousers to wear than the two girls and the old man. If this is 'paradise,' then the people may prefer 'hell.'"

Henan Publishes Manuscripts of 'Bourgeois' Kang Youwei

OW0408022693 Beijing XINHUA in English 0202
GMT 4 Aug 93

[Text] Zhengzhou, August 4 (XINHUA)—Manuscripts of Kang Youwei, the leading figure in the bourgeois reform movement of 1898 in the Chinese history, were recently published in central China's Henan Province.

The manuscripts were forwarded to the Henan Publishing House by the grandson of Kang Youwei, Kang Baoyan, who is now living in Taiwan, official sources said.

Though he was the advocate and leader of the failed 1898 reform, supported by Emperor Guangxu of the Qing Dynasty (1644-1911) and mainly aimed at learning from the West, Kang Youwei nevertheless turned to proclaiming the rule of China by Confucianism in his later life, possibly due to the fact he was also a great scholar of Chinese literature and philosophy.

The newly published manuscripts include poems and essays written by Kang Youwei, as well as an inscription telling the saga of the family, the sources said.

More than 40 pictures of Kang Youwei have been published together with the manuscripts.

These manuscripts and pictures were handed by Kang Youwei to his eldest son, Kang Tongjian, who had moved to Taiwan before the liberation of the mainland, the sources said.

The book is the sixth volume of Kang Youwei's manuscripts to be published by Henan since 1985, all of which were welcomed by readers at home and abroad, according to the sources.

Daily Carries QIUSHI Table of Contents

HK3007150793 Beijing RENMIN RIBAO in Chinese
30 Jul 93 p 6

["Table of Contents for QIUSHI No 15, 1 August 1993"]

[Text] Article by Liu Huaqing: "Unswervingly Advance Along the Road of Building A Modernized Army With Chinese Characteristics"

Article by Wu Bangguo: "Guide Shanghai's Work With the Theory of Building Socialism With Chinese Characteristics"

Article by Zheng Bijian: "A Fundamental Guide for Our Theoretical Work"

Article by Liu Zhongde: "Several Theoretical and Practical Issues Concerning Cultural Work Under the New Situation"

Interview with Shanxi Governor Hu Fuguo by staff reporters Zheng Zonghan and Li Fengsheng: "Turn Advantages In Natural Resources into Economic Advantages"

Article by Ma Wenrui: "A Valuable Spiritual Pillar—In Commemoration of the 60th Founding Anniversary of Zhaojin Revolution Base in the Shaanxi-Gansu Border Region"

Article by Fan Yinhua: "Carry Forward Fine Traditions and Preserve the Natural Color of the Old Red Army"

Article by Zeng Peiyan: "Place the Electronic Industry On a Prominent Position in the National Economy"

Article by Zhang Zhenfang: "Explore a New Road For the Party Building Under the Socialist Market Economic Conditions"

Article by Tao Jiuyuan: "Thoughts on the Participation of Party Organizations in Enterprises' Formulation of Policy Decisions"

Article by Wang Xinyu: "A Vivid Image for Peasants of New Type—Impressions on 10-Episode Television Drama Series entitled 'The Story of Huaxi Village'"

Article by Mao Qi: "There Is No Need For Everyone To Plunge Themselves Into the Sea of Commerce"

Statistics: "Fundamentals of National Economic Operations (June 1993)"

Military

Jiang Zemin, Others Inscribe for Army Cadre

HK0408113093 Beijing XINHUA Domestic Service in Chinese 1036 GMT 3 Aug 93

[Text] Beijing, 3 Aug (XINHUA)—Central Military Commission Chairman Jiang Zemin and Vice Chairmen Liu Huaqing and Zhang Zhen separately wrote inscriptions for Su Ning, a "model cadre who devoted his life to national defense modernization."

Jiang Zemin's inscription is: "Taking Comrade Su Ning as a model, devote ourselves to national defense modernization."

Liu Huaqing's inscription is: "Learn from Comrade Su Ning, intensively study modern science and technology, and improve our combat effectiveness in modern war."

Zhang Zhen's inscription is: "Emulate Comrade Su Ning's revolutionary spirit of hard struggle, being bold in blazing new trails, and intensively studying modern military science."

Su Ning originally was chief of staff of a regiment in the Shenyang Military Region. He had been in service for 22 years. He made outstanding achievements in all the posts at which he worked. This was a typical example of ability and political integrity, loyal devotion to one's duty, and dedication to national defense. On 21 April 1991, he organized some soldiers to carry out live hand-grenade practice. In a critical moment of mishap, he gloriously sacrificed his life for the safety of a comrade in arms. In February this year, the Central Military Commission of the People's Republic of China promulgated an order conferring on him the glorious title "Model Cadre Who Devoted His Life to National Defense Modernization."

Article Views Military Interpersonal Relations

HK0408111593 Beijing JIEFANGJUN BAO in Chinese 14 Jul 93 p 3

[Article by Jing Shengzhi (4842 4141 1807): "Give Correct Guidance to Interpersonal Relationships in Barracks Under Conditions of a Market Economy"]

[Text] Along with the establishment and development of the socialist market economic system, profound changes have taken place extensively in interpersonal relationships within barracks. How should we give correct guidance for interpersonal relationships under the conditions of a market economy? This is an important topic in the Army's current ideological, political, and management work.

The Army's interpersonal relationships are specifically manifested in relations between officers and men, between officers, between men, between higher and lower levels, between the troops and neighbors, between the Army and government, and between the Army and the people. Compared with society, the scope of

exchanges of the Army's interpersonal relationships is narrow, the purpose of exchanges is relatively simple, and the means of exchanges is also limited. Influenced by the current market economic development, there are some new characteristics in the Army's interpersonal relationships: First, the desire for exchanges is gradually increasing. Many officers and men have realized that to meet the new situation of market economic development, it is necessary to have more interpersonal exchanges and to increase their abilities in social activities. They want to widen their field of vision, collect more information, and establish connections through extensive exchanges. A number of officers and men who were spontaneous and passive in exchanges in the past took the initiative to intentionally make friends. Second, the scope of exchanges has gradually expanded. Exchanges between officers and men in the past were limited to those coming from the same hometown and within the barracks. Now a number of officers and men have extended their exchanges to society and to various quarters of the barracks, forming an extensive network from top to bottom and from inside to outside the Army.

Third, the motive of exchanges is tending to be more complicated. In the past, the main purpose of the exchanges was to increase understanding among comrades and deepen feelings among comrades-in-arms. Now the motive is diversified and the factor of material gain has remarkably increased. Fourth, the channels for exchanges have continuously increased. Most of the past exchanges were direct and the contacts were made through work. Now indirect exchanges through relatives and other intermediary links have increased. Fifth, the forms of exchanges are also diversified. The forms of exchanges between officers and men are no longer limited to heart-to-heart talks, strolls, studies, and discussions. They include using amusement and picnics to establish relationships. On the whole, the essence of the new changes in the Army's interpersonal relationships is healthy. However, there are also some negative factors which have affected interpersonal relationships within the barracks, resulting in new problems in the Army's management, education, officer-men relations, and discipline. These problems are to be resolved in earnest. At present, I think we should guide the officers and men to take note of the following:

I. Guard Against the "Materialization" of Personal Feelings and Maintain Lofty, Pure, and Comradely Relations

Because of a lack of some comrades' dialectical understanding of the principle of "exchange at equal value" in market economic operation in recent years, exchange at equal value has gradually permeated the interpersonal exchanges between officers and men, resulting in the "materialization" of personal feelings. Some make friends for the sake of money and materials rather than for friendship. Some others stress human relationships and exchange gifts; you help me get rid of my trouble today and I will help you overcome your difficulties

tomorrow. Some practice nepotism on matters of admission to the party, promotion, transfer to volunteers, driving courses, and taking part in entrance examinations for military academies. When such "materialized" phenomena spread unchecked, it will inevitably affect unity within and outside the Army and weaken our Army's combat effectiveness.

We should understand that the principle of exchange at equal value has its special role and it cannot become the guideline for the Army's interpersonal relationships. Exchange at equal value is a natural law in market economic operation. However, the Army is a special combat collective and the profession of servicemen is characterized by selflessness and sacrifice. We should enable everyone to realize the harm of "materialized" relationships, which makes a handful of people become captives of money worship and hedonism, and undermines party and Army style. It should be noted that good, harmonious, lofty, and pure interpersonal relationships constitute an important component part of the Army's combat effectiveness. The Army's combat effectiveness is the organic combination of every serviceman's combat effectiveness rather than the simple addition of individual combat effectiveness. Such an organic combination requires a united and coordinated interpersonal relationship between members of the Army. If gift exchanging prevails in the Army, it will weaken feelings among comrades-in-arms and create a centrifugal force among comrades. We should guide everyone to carry forward the Army's fine tradition of solidarity and militancy. Our Army is a proletarian revolutionary army, and our members have joined together for a common revolutionary objective. In the practice of long-term struggles, officers and men united closely like brothers and thought and worked with one heart and one mind. Unity and friendship constitute a major characteristic and fine tradition of our Army. We should never forsake this fine tradition while developing the socialist market economy today.

II. Avoid Internal Exhaustion Caused by Disputes Over Trifles and Promote Healthy Growth of the Competitive Mechanism

Competition is the general principle in a market economy. The introduction of the competitive mechanism to the economic field and personnel system will be conducive to eliminating the malpractices of egalitarianism and everybody "eating from the big pot," making the best use of individual efforts, and increasing the vigor and vitality of social development. However, we cannot onesidedly understand the principle of competition in a market economy and turn competition into practices of mutual disagreement and noncooperation and even counteract each other's efforts, resulting in an internal exhaustion. Such a phenomenon is impermissible.

Socialist competition is fundamentally different from that of capitalism. The ultimate aim of socialist competition is to arouse the enthusiasm of the broad masses

and fully develop the socialist productive forces so that millions of people can take the road leading to common prosperity. Socialist competition has not changed the relations of fundamental interests between men. It is still aimed at carrying forward the lofty style of unity, friendship, and helping others. However, competition in a capitalist society is lopsided and vicious, characterized by internal strife and each trying to cheat the other, regarding relationships between men as one of life-and-death struggle. We should understand this fundamental difference. On the one hand, it is necessary to introduce the competition mechanism gradually to military training and personnel system in Army building; fully arouse the strong desire of the broad ranks of officers and men to display their intelligence and talent; strive to create a favorable environment and conditions for qualified personnel to show themselves; carry forward the fine tradition of emulation, learning from, catching up with, and helping, and in turn surpassing each other; and promote the healthy growth of the competition mechanism. On the other hand, it is necessary to organically integrate an increasing sense of competition with the spirit of unity and mutual assistance. Unity, friendship, and mutual encouragement should be stressed among comrades and between the higher and lower levels while the overall situation, style, and coordination should be stressed among neighbors. In other words, in the new situation of market economic development, we should become the winner in competition and also a model in maintaining good style.

III. Avoid Ostentation and Extravagance, Foster the Ideology of Thrift and Economy

With the increase in the material factors in interpersonal relationships, some officers and men have gone in for ostentation and extravagance. People vie with one another in consumption, treating each other with "Asma" and "Dazhonghua" brand cigarettes. When relatives of officers and men come for a visit, they invite a number of friends to dinners. Some units have been increasingly extravagant in receiving representatives sent by the higher levels, resulting in rising costs of receptions. In order to keep up appearances, when the servicemen are allowed to pay home visits, they prefer to practice economy in their food and clothing. We must promptly curb such practices of carrying out exchanges in an ostentatious and extravagant way.

Ostentation and extravagance run counter to China's virtue of thrift and economy. They also do not conform to our Army's fine tradition. An ancient Chinese saying goes, "Success comes from economy, while failure from extravagance." Our Army has also regarded the spirit of plain living and hard struggle as its cherished tradition. As we are in the initial period of the establishment and development of a market economic system, the level of productive forces is not high enough, and the material and cultural lives are not rich, we cannot relax our efforts to enhance a sense of thrift and economy. Meanwhile, ostentation and extravagance are not a normal way to make friends. As the saying goes, "the friendship

between gentlemen appears indifferent but is pure like water." Friendship among comrades and the feelings between the higher and lower levels cannot be exchanged by means of money, eating, and drinking. The friendly relations exchanged with eating, drinking, and nepotism cannot withstand the test of time. Only friendship established on the basis of true feelings can be firm and last long. Naturally, some spending in interpersonal exchanges is beyond reproach in actual life. Nevertheless, it should meet the following three requirements: It should accord with the Army's rules and regulations, it should be within one's economic circumstances, and it should conform to the spirit of thrift and economy.

IV. Avoid Putting Reward in the First Place and Firmly Bear in Mind the Army's Fundamental Purpose of Serving the People

The fish-and-water relationship between the Army and the people is the decisive condition for the growth and expansion of our Army. Under the conditions of a market economy, some mutual benefit is acceptable in Army-people exchanges. However, the Army should not put the stress on rewards in all the labor it has offered to the people. Under the conditions of a socialist market economy, our Army should still uphold its purpose of wholeheartedly serving the people. On this premise, the Army can correctly handle the relations between compensated services and gratis labor. Matters involving Army products and Army funds and materials should be strictly handled in light of relevant regulations. It is acceptable to duly receive something for costs and to offer compensated services while handling economic exchanges with the masses in the Army's production and operation, in the hospitals, and in a small number of units opened to the public. However, it is necessary to put services and the interests of the people first. We should carry forward the fine tradition of supporting the government and cherishing the people and do our best to support local construction and take part in social and public activities. During special circumstances when the people are in danger, we should come out boldly and never balk at any sacrifice, even that of our lives. Through carrying out Army-local joint activities, we should further the Army-government and Army-people relations under the conditions of a market economy.

Tibet's Chen Kuiyuan Praises PLA Air Force

OW0308050493 Lhasa Tibet People's Radio Network in Mandarin 1430 GMT 30 Jul 93

[From the "Tibet News" program]

[Text] The autonomous region's party and government leaders Chen Kuiyuan, Zhang Xuezhong, Puquang, and Gyamco, as well as the autonomous regional party committee's Secretary General Li Ligu, held a discussion with the leaders of Air Force units in Tibet in the morning of 30 July. Zhang Guoying and Liang Youlao, respectively political commissar and deputy commander of the Air Force unit in Tibet of the People's Liberation

Army [PLA], briefed the meeting on the situation of the unit and its efforts to join local people in building spiritual civilization. They thanked the autonomous region's party committee and government, as well as the people of all nationalities there, for giving the Air Force unit concern and support.

Chen Kuiyuan, secretary of the autonomous regional party committee, delivered an ebullient speech at the meeting. On behalf of the party committee, the government, and the 2 million people of various nationalities in the autonomous region, he first extended his cordial regards and Army Day greetings to the officers and men of the Air Force unit in Tibet. Secretary Chen Kuiyuan said: Tibet is a very special frontier region. Working hard for several decades in a poor natural environment in Tibet, the officers and men of the Air Force unit have never given a thought to personal gain or loss, and they have treated the hardship as a pleasure and honor and regarded the frontier region as their home. They have done a remarkable job in accomplishing their tasks and made outstanding contributions to defending our territorial air space over Tibet as well as to socialist construction in Tibet. Amid socialist revolution and socialist construction in Tibet, they have forged profound friendship with the people of all nationalities in Tibet and won the respect and love of the people.

Secretary Chen Kuiyuan called on the officers and men of the Air Force unit in Tibet to continue to display the PLA's fine traditions and old Tibet spirit, strengthen Army-government and Army-people unity, share a common fate and link their hearts with the people, and join the people in working hard for a greater prosperity in Tibet.

Political Commissar Zhang Guoying pledged that the Air Force would live up to the expectations of the party and the people, unite as one with the people in Tibet, take an active part in local economic construction, modestly learn from the people, and work with the people together to defend well the territorial air space over China's southwestern region.

Leaders Attend Tibet Military District Army Day

OW0408084493 Lhasa Tibet People's Radio Network in Mandarin 1425 GMT 31 Jul 93

[From the "Tibet News" program]

[Excerpts] On the afternoon of 31 July, the Tibet Military District invited leading comrades of the Tibet autonomous regional party committee, the regional people's congress, the regional government, the regional committee of the Chinese People's Political Consultative Conference, the regional Armed Police Force, and the Air Force's Lhasa Command Post to a discussion meeting to mark the 1 August Army Day and discuss the double support plans.

Major General Hu Yongzhu, political commissar of the Tibet Military District, was the first to speak at the

meeting. He said: The People's Liberation Army [PLA] stationed in Tibet has traversed a combatant's course for 42 years. These 42 years saw major changes taking place in Tibet's society, the great victory of the party's various principles and policies, the fruitful results in building the material and spiritual civilizations, and the unity between the Army and the people for the hard pioneering work.

Hu Yongzhu said: Every bit of success achieved by the PLA in all its endeavors carried the concern and support from local party committees, governments, and fraternal forces, as well as the people's painstaking care and wisdom. The local governments at various levels and the people have done many good and practical deeds for the PLA in Tibet, which have greatly enhanced its morale and effectively promoted army building. [passage omitted]

Gyaincain Norbu, deputy secretary of the regional party committee and chairman of the region, spoke at the meeting. He said: On the eve of the PLA's 66th anniversary, Tibet's party, government, and army leaders are happily gathering to celebrate the PLA's glorious festival. Hence, on behalf of the regional party committee and the regional people's government, I extend festive greetings and cordial regards to all officers and men of the PLA units in Tibet and the Tibet Armed Police Force. Before Tibet's peaceful liberation, the Tibetan people had been living in an abyss of misery under the oppression of the dark feudal serf system. It was the CPC-led PLA that helped the million serfs smash their thousand-year-old shackles and led them onto a bright road of liberation.

Chairman Gyaincain Norbu said: The 18th Army's entry into Tibet had not only brought the party's concern and warmth, but also hopes to the people in the dark. The PLA had rendered medical help to the masses, rescued the dying and the injured, repaired roads, built bridges and airports, helped the masses develop production and build their hometowns, meticulously trained minority nationality cadres, and eradicated illiteracy. The PLA's exemplary acts and unselfish dedication in serving the Tibetan people have earned their full support and sincere love. The magnificent contributions by the people's soldiers to Tibet will be written down in history forever. The Tibetan people and governments at various levels will never forget them. [passage omitted]

Xinjiang Military District Promotes 4 Officers

OW0308014793 Urumqi Xinjiang Television Network in Mandarin 0140 GMT 2 Aug 93

[From the "Xinjiang News" program]

[Text] The Xinjiang Military District held a ceremony on 1 August to promote officers. Fu Bingyao, deputy commander of the Lanzhou Military Region and commander of the Xinjiang Military District, read at the ceremony a promotion order signed by Chairman Jiang Zemin of the Central Military Commission [CMC] and

presented certificates of promotion to (Lei Xinping), (Que Quansheng), (Wang Hanru), and (Yao Tieshan), who received the title of major general. (Lei Xinping), Xinjiang Military District deputy political commissar, spoke on behalf of the promoted officers. He said they shall never fail to measure up to the expectations of the party Central Committee, the CMC, and the vast numbers of officers and men, and will continue to make new contributions to revolutionizing, modernizing, and regularizing the troops. [video shows Fu Bingyao reading order, and Lei Xinping speaking]

Economic & Agricultural

Zhu Rongji Gives Economic Guidance in Guizhou

OW0508082193 Beijing XINHUA Domestic Service in Chinese 0052 GMT 25 Jul 93

[By reporter Zhou Xiaonong (0719 2556 6593)]

[Text] Guiyang, 25 Jul (XINHUA)—During his inspection of Guizhou, Vice Premier Zhu Rongji, who is also a Standing Committee member of the CPC Central Committee Political Bureau, noted: It is necessary to conscientiously implement the central authorities' important policies on current economic work and solve problems that arise from economic development, beginning with rectifying the financial order, to bring about sustained and coordinated national economic development.

Zhu Rongji said: Guizhou Province's situation is good, thanks to the great deal of work done by the provincial party committee and government. Their achievements should be fully affirmed. The problems that have emerged in this province's economic work are identical with problems across the nation, as noted by the central authorities, and are conspicuous in the shortage of funds, which has mainly resulted from the chaos of financial order and a failure to follow the requirement of optimizing industrial structure to spend funds on key capital construction projects. In the first half of this year, bank savings deposits dropped, and a large sum of capital was withdrawn from the province to coastal areas for real estate speculation, leaving the province's key construction projects short of funds and greatly affecting regular enterprise operations. Therefore, only by rectifying the financial order can funds for key projects be guaranteed and production increase. To rectify financial order, it is impossible to rely only on banks; however, banks should play an important role in this effort. Banking staff and workers should always keep the four tasks of financial work in mind: rectifying financial order, enforcing financial discipline, promoting financial reform, and strengthening macroeconomic regulation and control. All leading cadres, staff, and workers should strictly observe the rules laid down at the National Financial Work Conference. As we announced at that conference, in dealing with the problems that occurred a while ago, those who violated general rules and discipline instead of criminal laws will not be held responsible as long as they correct themselves. Those who fail to comply with prohibitions

after the conference should be punished mercilessly. Those who disregard discipline and the law and dare defy the law must be strictly dealt with.

Zhu Rongji noted: Guizhou should select its strategic development priorities in line with its actual conditions and place the provincial capital and materials and the central government's financial support on projects that can fully display economic efficiency and spur provincial economic development. The most important things for Guizhou are, first, to make full use of its natural resources. Guizhou has sufficient resources for producing cement; it should build more roads and extend transport services to facilitate circulation. Guizhou has coal and water for developing the energy industry, as well as alumina and other resources for developing aluminum and other raw material industries. Second, Guizhou should make full use of the technology of military-industrial enterprises, which were developed during the third-line construction several years ago, to produce civilian goods needed on the market and to spur development of local and village and town enterprises. Third, as a province with more people and less land, Guizhou should develop village and town enterprises with its labor supremacy. It should avoid duplicating others in producing low-level goods that will become unmarketable. It should make use of local resources and absorb advanced technology to manufacture marketable goods—according to its capabilities, of course.

Zhu Rongji said: In the construction of new and high technology development zones, we must try in every possible way to save farmland, and projects in the zone must be really new and high technology ones. We must be careful to avoid letting ordinary processing industries in to enjoy preferential treatment, which is against the original intention of establishing new and high technology development zones.

In discussing the problem of procuring tobacco in Guizhou, Zhu Rongji noted: The purchase of tobacco must follow the State Council's circular on further strengthening the management of the tobacco monopoly that was issued on 30 January. State-set prices and quality standards are applied to tobacco purchased under contracts, whereas taxes collected with the purchase of tobacco outside state planning should all be turned over to central financial departments. Purchasing prices for such noncontracted tobacco should be marked down, according to regulations, until they are enough to cover tobacco growers' capital and generate some small earnings for them. In recent years, tobacco was stockpiled in huge quantities around the country because of an excess of supply over sales. Therefore, not only peasants' interests must be protected, but also macroeconomic regulation and control should be exercised. It is necessary to provide correct information to peasants concerning production; otherwise, they will still be the ones suffering losses from blind planting, which causes stockpiling of tobacco and leads to a series of problems in transportation, storage, and the use of funds for other purposes.

Zhu Rongji inspected Guizhou from 16 to 19 July. During his stay there, he went to factories, rural areas, and ethnic minority villages to learn about the situation in industrial and agricultural production and workers' and peasants' incomes. Provincial Party Secretary Liu Fangren, Deputy Secretary Wang Chaowen, and Governor Chen Shineng accompanied him on the tour and briefed him on the work.

Zou Jiahua on Price Reform at National Forum

OW0508022393 Beijing XINHUA Domestic Service in Chinese 2145 GMT 3 Aug 93

[By reporter Li Anding (2621 1344 1353)]

[Text] Beijing, 4 Aug (XINHUA)—A national forum of commodity price bureau directors was held in Beijing 2-4 August. It was an important meeting to implement the measures for strengthening macro-control adopted by the party Central Committee and the State Council, and to positively and properly promote reform of the pricing system, step up and improve macro-control, and curb excessive increase of the general commodity price level. Leading comrades of the State Council attached great importance to the meeting. A written speech by Vice Premier Zou Jiahua was delivered, as he is temporarily not in Beijing.

Zou Jiahua pointed out: At present, the overall economic situation in this country is good, and we have made important progress in the reform of the pricing system. However, the general price level has risen too rapidly in the last few months and warrants our attention. To maintain a stable general price level is an important objective of our macro-control. Excessive price increases are detrimental to steady, rapid, and sound economic development, as well as to the deepening of reform and opening up. We must strengthen and improve the macro-control of commodity prices, deepen reform to accelerate the cultivation of a sound market system, and speed up the establishment and improvement of a macro-control system. We must employ both economic and legal means, supplemented by necessary administrative means, to exercise an effective control of economic operation and stop the rapidly rising trend of the general price level. At present, we should particularly curb the price increase of the daily necessities and services that have a bearing on the people's everyday life.

Zou Jiahua emphasized: Price merits full attention in developing the socialist market economy. In order to create a pricing mechanism based mainly on market force and to set up a macro-price control system of the state, a great deal of work remains to be done. In the reform of the pricing system, our task is still far from being accomplished. It is a total misunderstanding to think that we can give up price management after entering a market economy, and that the relaxation of price control is the whole content of price reform. What we should do is to look into better control over prices under the conditions of a market economy.

Zou Jiahua pointed out that commodity price concerns every family and all quarters, and it is an important issue of policy. He called on the party committees and governments at all levels to further strengthen their leadership over price work, place the work as an important item on their daily agenda, constantly keep abreast of price trends, promptly solve price-related problems, and fully arouse enthusiasm and creativity among the personnel of the commodity price department. He emphasized: The pricing policy must not be varied, and one must work within the limits of one's price management authority. It is up to the State Council to make unified arrangements with regard to major price reform measures. The localities and departments must strictly observe the laws and discipline with regard to prices, and they are not allowed to go beyond their authority to raise prices or produce their own reform measures or collect fees which are not in accord with the standards set by the state.

Zou Jiahua pointed out that over the years, the cadres and workers of the price department have worked very hard, done a great deal of effective work, and contributed to China's reform and development. He said: During the course of organizational reform, it is necessary to do good ideological work among the personnel of the price department and pay attention to maintaining a relative stability among the backbone members of the department. The availability of necessary funds for the price work must be ensured. The cadres of the price department should constantly enhance their own political quality and job skills and know how to do price work well under market economy conditions. They should, as always, display the spirit of being responsible to the party, the people and the country, continue to work hard, and make new contributions to smooth progress of reform, opening up, and modernization.

State Council Announces 10-Point Economic Policy

HK0508041393 Hong Kong CHING CHI TAO PAO in Chinese No 28, 19 Jul 93 p 23

["China Economic News" column: "The State Council Recently Promulgated a 10-Point Economic Policy"]

[Text] The State Council recently promulgated a 10-point economic policy as follows:

1. Depreciation rates will be raised; enterprises listed in key technical transformation projects will be entitled to higher depreciation rates and more capital this year.
2. The "two funds" submitted to the state from depreciation funds will be reduced.
3. Discounted loans will be provided. The loans brought forward from last year can still be used this year and interest rates on loans for key construction projects may be discounted on their merits.

4. Funds will be increased for the development of new products.

5. The foreign exchange channel for introducing technology will be restored.

6. Mortgaged loans will be introduced, the aim being 60-billion- yuan in mortgages in three years.

7. Each year \$3 billion will be used for introduction of foreign technology; of this amount, \$1.5 billion will be used for technical transformation and mainly for the purchase of software along with key equipment and instruments.

8. Technological projects must be ascertained; efforts will be made to carry out a number of projects which can produce good results and scale new heights.

9. Unmarketable products should be reduced, as should the storage of oversupplied products.

10. Economic work should be shifted to a structural adjustment and improvement of results.

State Role in Smuggling 'Angers' Authorities

HK0408151693 Hong Kong MING PAO in Chinese 4 Aug 93 p 2

["Special dispatch" from Beijing by special correspondent Ching Chi (5427 0459): "Central Leadership Enraged at the Involvement of Officers, Merchants, Civilians, Military, and Police in Smuggling Activities; Antismuggling Meeting Opens Today in Beijing—Something Not Seen in a Decade"]

[Text] A high-level "National Work Meeting on Cracking Down Smuggling Activities" opens today in Beijing to deal with smuggling activities, which have grown increasingly serious over recent years. Central high-level officials are going to attend and speak at the meeting, showing China's determination to crack down on smuggling.

What angers the highest Chinese authorities most is the involvement of state-run and collective enterprises in smuggling, the latest trend in the activity. There is information that the Army and armed police also are abusing their powers to get a piece of the action in smuggling.

The national meeting on cracking down on smuggling is being called jointly by the CPC Central Committee General Office and State Council General Office. Provinces, municipalities, and autonomous regions have sent officials at or above the vice governor, vice mayor, and vice chairman levels to attend the meeting, but over a dozen provinces and cities are represented by their party secretaries. The PLA General Staff Headquarters, General Political Department, and General Logistics Department, the Ministry of Public Security, the armed police sector, and departments under direct State Council authority also are sending people to the meeting. Never

has such a high-level "crackdown on smuggling" meeting been seen over the last 10 years.

It is easy to understand why high-level Chinese officials are attaching so much importance to operations against smuggling when one realizes how serious it has become in China.

The extent of smuggling revealed by local customs' figures is shocking. Vehicles, tobacco, household electrical appliances, and drugs are the four largest items involved.

Smuggling was confined to Guangdong, Fujian, Hainan, and southeastern coastal areas a few years ago, but now is moving rapidly northward and into the hinterland. Customs characterized smuggling activities as involving large shipments, having many channels, covering a wide area, and riding a strong momentum.

Car smuggling, for instance, has spread from Guangdong and Hainan to the shores of Shandong and Liaoning, with Korean cars as the latest type smuggled, apart from Japanese cars, and each shipment is valued at millions, or tens of millions.

Smuggling methods are more diverse and sophisticated. Contraband is smuggled through the border with container trucks, under the cover of low-priced goods declarations; small boats ply the high seas, where smuggled goods change hands; and some criminals bribe concerned officials to secure inside collaboration.

The situation in drug smuggling remains grim, despite China's harsh measures to crack down on the activity. Even Public Security Minister Tao Siju admitted earlier that drug smuggling has become worse, despite repeated efforts to stamp it out. China has set up a special high-level task force to fight drugs. There is information that international drug traffickers, not content with the present trafficking route that starts from the Sino-Burmese border and ends in the United States via Kunming and Hong Kong, are opening new routes. Reports from Lhasa Customs say some of Tibet's border towns are becoming depots for drug traffickers.

But what is really outrageous for high-level Chinese officials is the participation of enterprises in smuggling, which is the latest trend.

To gain huge profits, enterprises are resorting to various subterfuges to fool customs. Documents reveal that there have been cases in which the Army and armed police have abused their prerogatives to smuggle in goods.

Analysts say that the present national work meeting on operations against smuggling, organized jointly by the CPC Central Committee General Office and the State Council General Office, shows the determination of high-level Chinese authorities to stamp out the black current of smuggling. It is said that the customs, border defense, Navy, and departments concerned will present a package of measures at the meeting to solve this social evil once and for all.

Government Cracks Down on Smuggling Cases

OW0408115293 Beijing XINHUA in English 1037
GMT 4 Aug 93

[Text] Beijing, August 4 (XINHUA)—During the first half of this year, China's customs discovered 376 major smuggling cases, each involving over 300,000 yuan.

The smuggled goods involved in the cases are estimated at 1.6 billion yuan, 1.6 times the figure for the same period last year.

Sources from the General Administration of Customs said that the smuggling of cars was most rampant and that 3,334 smuggled cars were found in the first half of the year.

Meanwhile, the customs confiscated 67,805 boxes of smuggled cigarettes, 112,593 tons of rolled steel, 23,194 air conditioners, 18,587 air conditioner compressors and 5,605 video cameras.

Customs official said that most of the smuggling was by illegal ocean shipping, and also by presenting false reports.

Customs Stops Foreign Ships To Fight Smuggling

HK0508040293 Beijing CHINA DAILY in English
5 Aug 93 p 1

[By staff reporter: "Smuggling of Cars by Sea on Rise"]

[Text] Car smuggling into China by foreign vessels using ports not open to them is on the rise despite a severe crackdown by Chinese customs authorities.

A total of 3,334 automobiles were seized during raids in the first six months of this year.

In a new trend, more State enterprises and private firms have been implicated in car and electronic smuggling cases.

Customs officials warned that the government will take more rigorous steps to crackdown on such illegal activities.

Overall, customs authorities during the period handled 376 major cases of smuggling, each involving at least 3 million yuan (\$517,000).

A record 1.6 billion yuan (\$275 million) worth of contraband goods, including the cars, were confiscated by the Customs General Administration (CGA) and its local agencies.

The value of the contraband seized, according to a CGA official report released yesterday, was 1.6 times of that seized in the corresponding period of last year.

Automobile trafficking was singled out as an increasingly serious problem.

In general, officials said smuggling activities have worsened because some domestic firms and organizations have hired foreign-owned boats to smuggle automobiles directly into mainland ports that are not open to foreign trade.

Chinese customs officials disclosed that they had stopped 37 such boats flying foreign flags during the first half of this year, but gave no further details.

Armed smuggling at sea is still rampant despite the government's continuing crackdown on the massive smuggling along China's southeast coast, customs officials said.

Official Assures Foreign Firms on Tax Policy

HK0508034093 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
5 Aug 93 p 2

[Report by Kent Chen]

[Text] A Chinese tax official has assured foreign businessmen that their preferential tax treatment will not be cancelled under proposed reforms.

Secretary-general of the China Taxation Society Wang Pingwu said yesterday China would take three years to reform its tax system, including the unification of tax rates for foreign and domestic companies.

But Mr Wang said the Government still believed preferential tax treatment was necessary to attract foreign investment and technology.

A former director of the State Administration of Taxation, Mr Wang said that policy would be retained.

Total tax revenues from foreign firms and individuals amounted to more than 10 billion yuan (about HK\$13.5 billion at the official rate) last year, about one percent of overall tax revenue.

At a seminar organized by the Hong Kong Taxation institute, Mr Wang said the Government had to safeguard its own interest when giving tax preference to foreign businesses.

It was therefore unlikely to completely waive tax on foreign businesses, he said.

"When devising our new taxation system, we will ensure consistency in our policy to avoid drastic increase in foreign enterprises' tax burden," said Mr Wang.

He said local governments would be given a greater proportion of tax revenue as a way to prevent them from granting unauthorized tax breaks to foreign businesses.

Currently, most of the tax revenue goes to the central Government, so local governments can give generous tax breaks without jeopardising their own interests.

Under the proposed reform, a large part of tax revenue will be retained by local governments as a continuing source of revenue, rather than relying on Beijing for subsidies.

Shen Shanqing, an official with the foreign tax department under the State Administration of Taxation, said the Government would take action against unauthorized tax breaks by local authorities.

"There is only one voice from the central government on the matter regarding tax preference for foreigners. Local authorities have no right to waive nationwide tax," he said.

Mr Shen said many local governments resorted to extra tax preferences in order to compete with other regions for investment.

Meanwhile, taxation officials from Guangdong said many mainland-owned processing and assembly factories were presenting themselves as foreign or joint ventures.

Wang Gang, an official from the Shenzhen Taxation Bureau, said that among the 9,000 processing and assembly plants in the special economic zone, more than 90 percent were exploiting the practice.

They regarded the machinery brought into China by the foreign firms as investment, so the plant would be classified as a joint venture.

This status would entitle the processing and assembly plants to enjoy the three years of corporate tax exemption only available to foreign or joint ventures.

Officials said Beijing would soon issue an order to crackdown on the practice.

State Set Rules on Assets in Overseas Investment

HK0308051093 Beijing ZHONGGUO XINWEN SHE
in Chinese 1159 GMT 31 Jul 93

[By Zeng Liming (2582 0448 2494)]

[Text] Beijing, 31 Jul (ZHONGGUO XINWEN SHE)—The State Administration of State Assets, the Ministry of Finance, and the State Administration of Foreign Exchange jointly promulgated regulations recently governing the use of state assets to invest in enterprises overseas.

These regulations, aimed at protecting state rights and interests and strengthening registration work on overseas enterprises' proprietary rights over state assets, provide: If Chinese units possessing state assets wish to use material assets (including machinery, equipment, and raw and semiprocessed materials) as capital to invest outside the country for the establishment of wholly owned enterprises, joint ventures, or cooperative enterprises (excluding the raw and semiprocessed materials these enterprises need for production), they, or the units

in China which organize overseas enterprises, must apply to state asset-management departments for asset appraisals; the value appraised by the state asset-management departments will be used as the base value for material investments in their registration (file listings) for proprietary rights over state assets to be transferred overseas.

Material investment projects outside the country approved by state or government authorized departments must, after the completion of the necessary procedures, be registered (listed for filing) with state asset-management departments for their proprietary rights by submitting certificates of approval issued by the Ministry of Foreign Trade and Economic Cooperation or by authorized departments, relevant approval documents, and contracts.

Before transporting the material objects for overseas investments, units must submit the above-mentioned certificates of approval and registration documents to the relevant customs departments for verification.

The regulations point out: If the Chinese side and the overseas side have already signed an agreement on the ratio between the value of assets invested by the Chinese side prior to the establishment of a joint venture or cooperative enterprise between the two sides, the provisions of this agreement stand. However, prior to the signing of the agreement, the value of the assets must be appraised and the appraisal results must be verified by state-asset management department. In cases where the appraisal value is higher than the domestic appraisal value, the portion of the Chinese side's capital should be handled and adjusted according to local law.

If the value of the assets appraised by the relevant country's (region's) assets-appraisal department is obviously lower than their established domestic value, the Chinese investment unit should report to the department for verification and should, within the prescribed time limits, register with a state assets-management department for proprietary rights according to the value of the contract signed. When carrying out this procedure, an asset-appraisal report provided by the local asset-appraisal department must be produced.

Automaker Assumes Control of State-Owned Assets

HK0208120593 Beijing RENMIN RIBAO in Chinese
15 Jul 93 p 1

[Report by Li Anda (2621 1344 6671) and Li Shizheng (2621 1102 2398): "No. 1 Automobile Group Company Authorized by State To Manage State-Owned Assets"]

[Text] Changchun, 14 Jul (RENMIN RIBAO)—The state has formally granted approval for the No. 1 Automobile Group Company to be one of the first enterprise groups authorized to manage state-owned assets. A grand ceremony for this authorization was held in the No. 1 Automobile Plant on 13 July.

As the power over operation and management of state-owned assets has been transferred to the No. 1 Automobile Group Company, new links between ownership and management have been established within the enterprise group. This kind of authorized operation is conducive to harmonizing relations between various enterprises of the enterprise group, rationally allocating resources, and optimizing enterprise structure. It also is conducive to giving play to the superiority of the whole, strengthening the cohesive force of the group, and ensuring the increasing value of state-owned assets. There are 26 enterprises of the No. 1 Automobile Group Company which have been authorized to manage state-owned assets, including the holding company of the group, its wholly owned subcompanies, the subcompanies in which the holding company has more than 50 percent of the shares, and the subcompanies in which the holding company is holding parts of the shares.

State To Set Up Property Management Companies

HK0408034093 Beijing CHINA DAILY in English
4 Aug 93 p 1

[By staff reporter Li Hong: "Firms Due To Manage the Assets of China"]

[Text] China plans to set up State property management companies to look after its assets in major cities.

The move was initiated by two coastal provinces and a municipality in an effort to upgrade the performance of State firms to that of Sino-foreign joint ventures, shareholding companies and private enterprises, according to the National Administration of State-owned Property. The would be State property companies will, like any corporate firm, make investment and withdrawal decisions, be responsible for profits and losses, become shareholding entities and appoint trustees to the board of directors.

State-owned enterprises have not been competitive with other firms. Though more State firms have started to make money in the last two years, the State Statistics Bureau reports more than 31 percent were running at a loss in June.

This, together with illegal exploitation and diversion of State property by individuals has prevented State-owned property value from accumulating, said Jiang Lemin, deputy director of the administration.

He said China presently has an estimated 2,200 billion yuan (\$386 billion) in State assets, while the assets owned by individuals are near 2,000 billion yuan (\$345 billion).

To stop State property from declining, Chinese economists say it is imperative to reform China's centralized administrative control over assets.

At present, both central and local governments are hammering out various ways to restructure the old system.

A nationwide survey and registration of State assets in all businesses, to be conducted by the administration next year, will facilitate reforms, such as mergers of State-owned factories, introduction of foreign capital into State-run businesses, and expansion of the shareholding system in State firms.

Shanghai, Zhejiang and Fujian, all vibrant coastal areas, are pioneering the new scheme of State property management companies.

These companies will, on behalf of the State, decide on the sale, transfer and merger of State-owned property. This includes the buying, selling and controlling of shares of companies listed on the stock market.

They will keep an eye on all shareholding businesses with State investment to insure that they do not take shares and dividends that belong to the State.

In a related development, eight big enterprises groups were recently authorized to try out another novel plan, worked out by Chinese economists. The core firm in each group will, on behalf of the State, take care of all State-owned assets within its grip.

If successful, the plan will be expanded, said the administration.

Statistics Bureau Spokesman Addresses Economic Issues

'High Growth Rate' Seen

HK0408060093 Beijing ZHONGGUO XINWEN SHE
in Chinese 1232 GMT 19 Jul 93

[By reporter Xiao Rui (5135 3843)]

[Text] Beijing, 19 Jul (ZHONGGUO XINWEN SHE)—Zhang Zhongji, spokesman for the China Statistics Bureau, told Chinese and foreign reporters today that China's national economy has developed comprehensively at a high growth rate in the first half of the year. During this period, gross national product [GNP] reached 1,264.7 billion yuan, a 13.9 percent increase over the same period of 1992.

Zhang Zhongji gave an account of the basic trend of China's national economic operation in the first half of the year:

—Industrial production has continued its high growth. Gross industrial output value increased by 25.1 percent over the same period of 1992. To date, China's industrial production has increased at a high rate of over 20 percent for 12 successive months. Driven by the expanded scale of production and price hikes, industrial economic efficiency rose markedly in the

first half of the year. However, the losses of state enterprises still accounted for over 30 percent.

—A new record has been set in summer grain output. Thanks to good weather and a series of policies and measures adopted since the beginning of this year, the country's summer grain output increased by 470 tonnes over the previous year. At the same time, the output of pork, beef, mutton, aquatic products, vegetables, and fruit all increased by a wide margin. The inhabitants' vegetable baskets are full and the market is stable.

—Investment in fixed assets has increased remarkably. Against the background of all localities seizing opportunities, promoting projects, and seeking development, the delegation of powers for examining and approving investment, flow of capital and materials from abroad, and backing of nonstandardized pooling of funds and bank lending have resulted in the excessive high growth in investment. In the first half of the year, investment in fixed assets increased by 61 percent over the same period of 1992, of which the growth in state units rose 70.7 percent.

—Foreign trade, imports, and exports have continued to increase. In the first half of the year, the volume of exports increased by 4.4 percent over the same period last year while imports rose 23.2 percent, the growth in imports far exceeding that of exports.

—The domestic market has been prosperous and both purchases and sales remain brisk. On the one hand, there has been an ample source of consumer goods in the market, the total amount far exceeding supply. On the other hand, living expenses of the urban and rural inhabitants rose by 28 percent and 18 percent, respectively. In the first half of the year, the volume of retail sales increased by 21.6 percent over the same period of 1992.

—New progress has been made in reform. Since the beginning of this year, the pace of change effected in enterprise operation mechanism has been accelerated and state enterprises have been invigorated on the one hand. On the other hand, price reform has been further stepped up. The state has respectively lifted the restrictions on the prices of steel and coal products and readjusted the prices of crude oil. Over 90 percent of the areas nationwide have lifted the restrictions on the prices of grain and edible oil. Furthermore, progress has also been made in experimenting the joint stock system and in developing the securities market.

In view of the national economic operation in the first half of this year, the Statistics Bureau hold that the current economic situation is good on the whole and is conducive to enhancing the overall national strength and improving the people's living standards.

Notes 'Five Major Problems'

HK0308120193 Beijing ZHONGGUO XINWEN SHE
in Chinese 1233 GMT 19 Jul 93

[By reporter Xiao Rui (5135 3843): "Five Major Problems in Current Economic Operation in China"]

[Text] Beijing, 19 July (ZHONGGUO XINWEN SHE)—Zhang Zhongji, information spokesman of the State Statistics Bureau said: In the first half of 1993, the Chinese economy had a strong momentum of development, but along with the sustained high-speed growth, restraining factors became increasingly pronounced and the macroeconomic operational environment was increasingly strained. The five problems facing the economy were as follows:

1. The scale of investment in fixed assets was overstretched. While the scale of projects under construction overstretched last year, the momentum of projects launched by localities on a large scale since the beginning of this year did not slow down. In the first half of this year, state-owned units launched some 22,100 new capital construction projects and renewal and transformation projects, 3,059 more than the same period last year. With the scale of projects under construction being overstretched and the fronts of endeavor far-flung, macroinvestment returns dropped.

2. The financial situation was grim. In the first half of this year the sharp contrast between low growth in domestic financial revenues on the one hand, and high economic growth and high financial expenditures on the other, made it more difficult to achieve a balance in financial revenues and expenditures throughout the year.

Since the beginning of this year, China's financial order has been confused, financial institutions have lent money in an unplanned way, and society has raised funds without following any regulations, thus disturbing the normal fund channels.

3. The contradiction of "bottlenecks" as restraining factors was pronounced. The supply of steel products and electricity was strained, and in particular, the railway transportation "obstruction" and general fund shortages hampered normal production and operation of enterprises.

4. Prices kept climbing steadily. Affected by the impact of the price reform policy and by the rapid growth in social demand, price hikes have gained a stronger momentum since the beginning of the year. In the first half of the year, prices for the living expenses of the residents throughout the country increased by 12.5 percent from the same period last year. The figure of this increase for towns and cities was 13 percent, that for 35 large and medium-sized cities was 7.4 percent, and that for the rural areas was 11.5 percent. Retail prices across the country went up by 10.5 percent.

5. Agricultural production lacked adequate staying power for further development. Investment in agriculture dropped to a certain extent and the various policy measures to bolster agriculture have not been implemented to the letter.

To make sure that the national economy will develop rapidly, with good results, the central authorities recently have worked out policies and measures to strengthen macroeconomic regulation and control, and have achieved initial results in their implementation. The State Statistics Bureau estimated that investment growth would slow down in the second half of the year and that economic growth would be lower than in the first half of the year, and the economic growth rate probably would be around 12 percent.

Light Industry Council Chairman on Development

HK0508065193 Beijing ZHONGGUO XINWEN SHE
in Chinese 1141 GMT 15 Jul 93

[Report on interview with Yu Zhen, chairman of China National Light Industry Council, by staff reporter Jia Quanxin (6328 0356 2946): "Ministry and Commission Hotline: 'We Will Take a Step Ahead in Replacing Ministry With Council'"]

[Text] The China National Light Industry Council [CNLIC] was officially founded today. As this is one of the pilot cases in which a ministry pulls out of the government administrative structure and is replaced with a council, Yu Zhen, chairman of the council, maintains quite an optimistic attitude, despite his intimate knowledge of what the whole issue entails. He remarked: Since institutional reform is an inevitable result of social and economic development, an early change is better than a late one.

Institutional Reform Beginning To Take Shape

Light industry, which produces daily necessities indispensable at all times for the national economy and the people's livelihood, covers an extensive range of products, from home appliances to needles and thread, and boasts 44 trades, over 73,000 enterprises, and 13 million workers. Carrying out institutional reform in such a sector is certainly a case of pulling one's hair and affecting the whole body.

The replacement of the ministry with a council has caused some repercussions in society. However, despite all the doubts and misunderstandings, the reform is moving on.

In mid-May, the leadership group of the CNLIC was set up and has now begun operating. The 17 departments and bureaus of the former Ministry of Light Industry have been cut down and merged into 14, and its staff size has been reduced from over 600 to around 300, the retrenchment rate being 44 percent.

Yu Zhen said: The work has been progressing smoothly. The authorized staff size for all departments and bureaus has been set, and surplus personnel leaving their posts following retrenchment will be fed into enterprises and institutions directly under the CNLIC and to newly developed tertiary industry.

Exercising Inter-Industry Management Is Trend of the Times

There is no denying that, as one of the important industries in China's national economy, China's light industry has made achievements that are acknowledged the world over since the beginning of reform and opening up. The quantity, quality, and standard of its products have shown a significant leap forward.

Taking 1992 alone, the output value of light industry was 383.1 billion yuan; foreign exchange earned through exports was \$26 billion, accounting for one-third of the national export volume; and it contributed 27.1 billion yuan to the state in taxes and profits.

What should not be overlooked is that as one of the first industries entering the market economy, most of light industrial products in China have been almost entirely brought under market regulation. Though this is determined by the characteristics of light industry, it also indicates that the actual role of administrative management in the production and other operations of light industry are weakening progressively. Yu Zhen indicated that replacing the ministry with the council and exercising coordination and management between industries had become the trend of the times. For that reason, this reform is not something negative for the light industrial sector.

Work To Do in the Near Future

It is beyond doubt that, after the founding of the CNLIC, it will take some time for it to show authority, its transitional nature, and continuity of work, as is the case with any new institution.

On this issue, Yu Zhen said that the CNLIC is capable of keeping both institutional reform and operations up to par. In light of the current economic situation and the reality in light industry, they will concentrate on the following pieces of work:

- To hold a meeting in the near future to share experience in quality-related work and explore ways to further implement the "Quality Law," upgrade the quality of light industrial products, mobilize all means of regulation and control, go all out to set sound product quality standards, materialize quality monitoring, and sternly crack down on fake and substandard products.
- To further strengthen industry-wide, regional, and professional planning, selectively push ahead with the reorganization and transformation of some trades, raise and absorb domestic and foreign funds, promote

enterprises' technical advances, set up necessary trades nonexistent at present, support newly rising enterprises, and increase the percentage of products made with advanced technology and value-added products.

- To hold a rural market ordering fair together with the Ministry of Internal Trade this year; open up domestic and international markets, develop special markets that have nationwide coverage, and expand exports to earn more exchange by integrating production with circulation.

The new chairman is full of confidence. During his 10-year career in the light industry sector, Yu Zhen held the following posts: director of the Machinery Bureau, manager of the Light Industrial Machinery Corporation, and, from 1985, vice minister and executive vice minister of light industry.

His confidence has much meaning.

Commentator Urges Accelerating Reform

HK0308055093 Beijing JINGJI RIBAO in Chinese
27 Jul 93 p 1

[Commentator's article: "It Is Time To Speed Up Reform"]

[Text] China's economy has been developing along a right track of high growth since the beginning of this year. But some prominent contradictions and problems have been seen in the process of development. The main problems are excessively high growth in investments, financial disorder, lack of transport facilities, shortage of energy and raw and processed materials, increasing inflationary pressure, and so on. These are difficulties arising from the transition from the old structure to the new one. As long as we can make concerted efforts, conscientiously deal with problems, take effective measures, and adopt appropriate methods, we will be able to resolve these problems step by step, ensure that the economy will develop along a good trend, and prevent drastic economic ups and downs.

At first sight, the problems that we are facing in our economic work at present, such as excessive monetary issue, drastic expansion of investments, rapid increase in commodity prices, and financial disorder, are mostly old problems that we used to encounter many times in the past. But, in fact, the case is quite different today. In the past, under the planned economic system, whenever the economy overheated, we mainly resorted to administrative means: ordering suspension of projects, lowering targets, tightening the monetary supply, and taking action to improve the economic environment and rectifying economic order. Taking these measures would cool the overheated economy. But the ups and downs during this process used to cause tremendous losses. Nowadays, in the wake of progress in reform in various fields, a greater and greater portion of the national economy is subject to market regulation, with the farm and sideline

product market largely decontrolled, and the prices of more than half of industrial products and capital goods have been placed under market regulation. This being the case, if we keep applying the old method of the planned economy indiscriminately to all sectors, it would certainly get us nowhere. It is just like a flood which is surging forward in every direction and cannot be stopped in a single way. So we need to guide the economic development by economic means, practice macroeconomic regulation and control, and bring the economy back to the right track without dampening its great vigor. Otherwise, by following the beaten track, we will pay too high a price, and reform will come to a standstill.

Problems arising from reform must be resolved by the means of reform. Certain phenomena of disorder in current economic activities are not the consequences of the measures that have been taken to develop the market economy. On the contrary, they are the symptoms of an underdeveloped market economy and a reform process that lags behind development. Therefore, our fundamental way out is to carry out the reform further in depth without delay and speed up the transition from the old structure to the new one. The CPC central authorities and the State Council recently adopted an essential decision on intensifying macroeconomic regulation and control, and expressly put forth an important guideline for the current economic work: improving and intensifying macroeconomic regulation and control and resolving prominent economic problems, thus giving an impetus to the acceleration of reform and the establishment of the socialist market economy. We must be aware that improving and intensifying macroeconomic regulation and control is an intrinsic requirement that must be fulfilled in the process of in-depth reform, and the establishment of an effective macroeconomic regulation and control system is an important part of the efforts to expedite the making of the socialist market economy. The views of those who think deepening reform contrary to intensifying macroeconomic regulation and control are wrong. On the other hand, we must also be aware that the improvement and intensification of macroeconomic regulation and control will not only serve to mitigate prominent irregularities in the current economic operation, but will also create an agreeable and favorable economic environment for the overall development of reform. Structural shortcomings which have been intensively displayed in current economic activities have forced us to seek a way out from the transition from the old system to the new one and, as a matter of fact, this has given an impetus to our efforts to deepen and speed up reform. In this sense, we definitely should and can turn the pressure on us into a motive force, and change this bad situation into a blessing. Is it not a gratifying outcome if we can make great progress in reform by resolving the existing problems?

There are opportunities for development, and there are opportunities for reform too. Opportunities for development must not be missed, and opportunities for reform

must not be missed either. Our experience, both positive and negative, has proven that whether or not development is rapid and smooth will, in the final analysis, depend on the sustained development of reform. Development cannot last long if we are only eager to seek high growth without advancing the reform. The problems that we are facing now in our economic work are more or less related to the way of doing thing in some localities where people have been "too enthusiastic" in economic development but "indifferent" to reform. How to "invigorate" the reform is the very problem that we badly need to solve for the moment. We have already set the goal for developing the socialist market economy, we have gained experience and laid down a foundation through the practice in reform and opening-up over the past decade or so, and what we are doing now to improve and intensify macroeconomic regulation and control and to resolve existing prominent problems will in turn serve as a direct motive force for the in-depth development of reform. This indicates that we are now facing the best opportunity for speeding up the reform. Now that an opportunity for reform is available, never should we hesitate to take it, and never should we render our expressed desire for reform an empty talk and miss this opportunity without doing anything.

Reform is a once-and-for-all solution and the only way out. So long as we can really seize this good opportunity, vigorously push ahead the reform in the fields of banking, finance and taxation, and investment structure, promote development by reform, and expedite opening by reform, we will certainly be able to extricate China's economy from the cycle of drastic ups and downs, thus bringing it onto the track of rapid and smooth development.

Series on Macroeconomic Regulation, Control

Part Seven

HK0308044093 Beijing ZHONGGUO XINWEN SHE
in Chinese 1213 GMT 17 Jul 93

[Article by staff reporter Zeng Liming (2582 0448 2494): "Plug Loopholes, Accelerate Taxation Reform—Random Talk on Chinese Economy's 'Macroeconomic Regulation and Control,' Part Seven"; Parts Five and Six were published in the 30 July China DAILY REPORT, pages 41-43]

[Text] Beijing, 17 Jul (ZHONGGUO XINWEN SHE)—To build a complete, perfect, and effective macroeconomic regulation and control system for the market economy in China, it is imperative to have an integrated and powerful taxation system to insure the financial revenue of the state treasury. Experts pointed out that to ease today's strained finances, the pressing matter of the moment is to increase income and decrease expenditure, plug taxation loopholes, and quicken the pace and increase the magnitude of taxation reform.

Confusion in China's taxation policy and a loss of control over taxation have already resulted in a loss of massive funds that should have flowed into the state treasury. From data provided by the State Taxation Administration, we can see that there are four main taxation loopholes.

First, tax evasion in the individual economy. Among the 2.96 million households under close examination in 1991, 1.63 million of them committed tax evasion to various degrees, accounting for 55 percent of the total number of taxpayers, and 30 percent of the volume of tax evasion. Today, China boasts 15.3 million registered individual industrial and commercial households and approximately 140,000 enterprises in the private sector, with an operation volume of 23.52 billion yuan. Thus, the volume of tax evasion is considerably great by the terms of the aforesaid ratio.

Second, taxation fraud in exports. In recent years, some criminals have colluded with lawbreakers outside our borders to bribe enterprises and customs and taxation officials in China to commit crimes by presenting false invoices and false certificates of tax exemption to obtain huge tax rebates. Last year, the amount of goods involved in false invoices and false certificates of tax exemption was 2.6 billion yuan, and taxes lost amount to 500 million yuan.

Third, tax evasion committed by foreign businessmen, who resorted to raising quoted prices for raw materials, machinery, and equipment purchased overseas; changing companies whose tax exemption period had expired into new companies; transferring capital; and reporting false losses. Some of them even refused to pay taxes; for example, a German oil company manager told a Chinese taxation officer, who had asked him to declare his personal income tax, that he "had no wage income." Statistics show that in Shenzhen alone some 60 percent of foreign-funded enterprises had committed tax evasion.

Fourth, unprincipled tax reductions and exemptions. To protect local enterprises and increase economic returns, local leadership formulated their own "indigenous policies" and arbitrarily reduced and exempted enterprises from taxes. Besides, taxation policy for enterprises implementing shareholding system reform is incomplete and imperfect, and there are loopholes in related taxation.

To insure revenues for the state treasury and to plug loopholes, the State Taxation Administration has presented a series of new measures one after another. A joint office comprising the Supreme People's Procuratorate and the State Taxation Administration has been established in Shenzhen to crack down on fraud in tax returns on exports; special tax stamps are used regarding taxation on exports, building a computer system network for tax returns has been accelerated; and a systematic

administration of tax collection, exports, settling accounts, auditing, and tax returns has been implemented.

Unified certificates for the tax registration of foreign-funded enterprises will be issued beginning 1 August. The qualifications of enterprises with foreign investment and foreign enterprises will be examined, and the preferential taxation treatment of enterprises failing to comply with related laws and regulations regarding foreign-funded enterprises will be suspended and their cases will be submitted to related departments to have their qualifications as foreign-funded enterprises abolished.

A tax declaration system will be implemented, and tax administration according to the law will be emphasized. Regarding bonus scrips issued to individual by shareholding system enterprises, where part of an enterprise's assets are converted to individual stocks, tax will be collected based on the face value of the stocks. Wage and labor service rewards for individuals gained abroad will be taxed.

Of course, it is more important to accelerate reform of the taxation system. The guiding idea for reform in the near future, disclosed by the State Taxation Administration not long ago, was based on the existing compound taxation system, and it is necessary to unify tax laws, concentrate authority in taxation, make taxes fair and equal, simplify taxation systems, standardize distribution, iron out distribution relations, and augment taxation in organizing income and its macroeconomic regulation and control functions.

The targets of reform include: Unifying the income tax system, lowering tax rates, and implementing proportional tax rates for Chinese-funded enterprises; the income tax system for Chinese-funded enterprises will be merged with the income tax law for foreign-funded and foreign enterprises and unified by a sole taxation law for enterprise income tax in China. Capital gains taxes, product taxes and operational taxes are to be set up simultaneously in addition to building a new tax system characterized by two-tier regulation, accelerating the unification of taxes for domestic and foreign-funded enterprises, while working hard to abolish unified industrial and commercial taxes as early as possible. The existing individual income tax, individual income regulation tax, and income tax on urban and rural individuals and commercial households will be merged and a unified individual income tax system established.

Part Eight

HK0308070893 Beijing ZHONGGUO XINWEN SHE
in Chinese 0937 GMT 19 Jul 93

[Article by Tao Guangxiong (7118 0342 7160): "Cooling of Real Estate Must Be Moderate—Random Talk on Chinese Economy's 'Macroeconomic Regulation and Control,' Part Eight"]

[Text] Beijing, 19 Jul (ZHONGGUO XINWEN SHE)—Real estate has been the most "bustling" sector in China's economy since last year, and it is also a key area where macroeconomic regulation and control must be strengthened. The senior level in China believes that the development of real estate is overheated, that it has tied up a large amount of funds, and directly pushed up prices of raw and construction materials; that it has affected the normal development of the national economy; and that it has to cool down.

According to the latest statistics, China's real estate continues to develop strongly on the premise of last year's rapid development. When the first five months of this year are compared with the same period last year, completed investment in commercial housing increased by 115.6 percent, and the area under construction increased by 78 percent, of which newly started construction projects increased by 130 percent. This year, more than 4,000 new real estate agencies have been established, and the country has over 16,000 real estate agencies at present.

Although many provinces think that the real estate business in their area is not overheated, the Ministry of Construction has demanded that they unify their understanding and reverse the situation of overheated real estate development. The main problems existing in the real estate sector are: the amount of land under various kinds of development and construction is too large, the scale of development is too large, the investment structure is not very rational, market behavior is not standardized, and the phenomenon of real estate speculation for colossal profits in some areas is serious, which has caused chaotic prices and losses to state income.

At a recent national meeting of construction committee and construction department heads, the Ministry of Construction made arrangements for work to rectify the real estate sector, and took the lead in establishing a "leadership group for inspecting real estate development and management organs in the whole country." The Ministry of Construction also proposed a series of macro-level regulation and control measures for real estate, and these measures mainly include: strictly controlling the land supply and sorting out leased land; strictly examining the qualifications of real estate agencies, and those who have no development prospects after a year will have their right to develop and manage real estate projects canceled; having real estate agencies run by land management departments and financial organs sever links within a set period of time; adjusting the investment structure, strictly controlling expensive housing projects and high consumption projects, and standardizing market behavior; formulating basic land prices to lease land on a compensated basis; and strictly observing conventions for real estate transactions. With the implementation of the above-mentioned measures, China's real estate business will certainly cool down.

However, economists and people in the business agree that, in macroeconomic regulation and control over real

estate, it is not suitable to "step on the brake suddenly," that cooling down must be moderate, and that cooling down too much might not be a good thing, because it is very difficult to heat up the sector, but is very easy to cool it down. In fact, various signs indicate that China's real estate sector has begun to enter a period of self-adjustment amid development. In the current rectification, problems caused by administrative means should be solved by administrative means, problems arising from economic operations should be solved by economic means, and consideration must be given to the sector's self-adjustment ability.

Relevant persons pointed out that China's real estate sector has developed from nothing to something and has undergone reform to reach its present shape and that its main body is healthy; apart from using macro-level management measures to solve the existing problems, what is important is standardization, which includes standardizing of government and enterprise behavior. Therefore, promulgation of the "Real Estate Law" is truly necessary.

Daily Reports on Highway Construction

OW0308034193 Beijing XINHUA in English 0221
GMT 3 Aug 93

[Text] Beijing, August 3 (XINHUA)—Four state highways are now being constructed to alleviate strains in China's transportation sector, the "GUANGMING DAILY" reported today.

According to the nationally-distributed newspaper, one highway will be constructed from Tongjiang in northeast China's Heilongjiang Province to Sanya in south China's Hainan Province; one runs from Beijing in north China to Zhuhai in south China's Guangdong Province; one from Lianyungang city in east China's Jiangsu Province to Horgos in northwestern China's Xinjiang Uygur Autonomous Region; and the other connects Shanghai in east China with Chengdu, capital of Sichuan Province in southwest China.

Also under construction are highways running from Beijing to Shenyang, capital of Liaoning Province, from Beijing to Shanghai, and within southwestern China.

The paper noted that the four state highways, with a total length of 14,500 km, are expected to cross more than 20 provinces, autonomous regions and municipalities.

Upon completion by the year 2000 these highways will be able to allow the passage of 4,100 motor vehicles a day.

Auto Industry Sets New Record in First Half

OW0308092093 Beijing XINHUA in English 0823
GMT 3 Aug 93

[Text] Beijing, August 3 (XINHUA)—In the first half of this year China's auto industry set a new record by

producing 618,900 automobiles of all kinds, up 43.68 percent compared with the same period of last year.

According to the latest statistics from the China National Automotive Industry Corporation, the output of commercial motors in the first six months was 343,300, while the output value of auto parts reached 12.77 billion yuan, both setting records.

Mini-buses and sedan cars enjoyed the fastest increases in the first half of this year, with their outputs reaching 32,000 and 116,000, respectively.

China's auto industry has been developing at a fairly rapid rate for more than two years.

At the beginning of this year related government departments drafted a plan to increase the country's annual auto output capacity to three million in 10 years, so as to make the auto industry a pillar of the national economy.

According to the state plan, the auto output target for this year is 1.1 million vehicles.

Daily Discusses Movement of Qualified Personnel

OW0308011493 Beijing XINHUA Domestic Service in Chinese 0956 GMT 23 Jul 93

[Text] Beijing, 23 Jul (XINHUA)—KEJI RIBAO [SCIENCE AND TECHNOLOGY DAILY] recently carried a commentator's article entitled "Facilitating the Movement of Qualified Personnel To Accommodate the Market Economy."

This article says: Since reform and opening up, qualified personnel in our country have shown greater mobility than ever before. The movement of qualified personnel has not only dismantled the rigid system long implemented by personnel departments but has also promoted reform of the personnel system and greatly aroused the initiative and creativity of the masses of scientific and technological personnel. It has played an important role in adjusting the structure of scientific and technological ranks, in orienting science and technology toward economic construction, and in transforming scientific and technological findings into productive forces.

The article says: The 14th CPC National Congress defined the goal of economic reform as the establishment of a socialist market economy. A market economy is aimed at optimizing the allocation of various resources through market competition. Qualified personnel are the most precious resource in today's society, and their movement is actually part of the process of optimizing the allocation of human resources. Therefore, we should make the movement of qualified personnel part of the socialist market economy. Specifically, we should implement a two-way personnel employment process under which both units and individuals are allowed to make their own selections; employing units would have the right to hire and dismiss employees, and individuals have the right to choose and quit their jobs. In the interest of social security, we should establish a market

for qualified personnel as well as a social security system encompassing unemployment insurance and social relief schemes. We should reform the household registration, record-keeping, and housing systems to minimize the dependence of qualified personnel on their units and regions. In a nutshell, we should create a social environment that is suitable for the movement of qualified personnel by deepening reform and formulating and perfecting various policies, laws, and regulations to ensure the rational and sound movement of qualified personnel.

The article says: Using market mechanisms to regulate the movement of qualified personnel will, for some time to come, adversely affect economically backward areas and units with poor economic efficiency because it will aggravate the brain drain from these areas and units. The only solution to this problem is to quicken the pace of various reforms. On the one hand, relevant departments must strengthen macroeconomic control and formulate preferential policies to guide the movement of qualified personnel to economically backward areas and basic industrial sectors such as agriculture, energy, and communications. On the other hand, relevant areas and units must carry out the party's policies toward intellectuals, create favorable conditions to retain qualified personnel, and make the most of their wisdom and talent. Although greater material rewards are one reason why economically developed areas and units with good economic efficiency can attract more qualified personnel, a more important reason is the fact that they provide an environment in which qualified personnel can bring their talent into full play.

Pharmaceutical Imports To Require Ministry License

HK0508041793 Beijing CHINA DAILY in English 5 Aug 93 p 3

[By staff reporter Zhu Baoxia: "Controls on Import of Unlicensed Drugs"]

[Text] China has announced a crackdown on imports of unlicensed medicines.

Chinese and foreign businessmen who want to import pharmaceutical products to China must apply for a licence from the Ministry of Public Health and send samples for quality checks.

A ministry circular calls on local governments and medical administrative departments to tighten up inspection and management of imported medicines.

The ministry promulgated administrative principles on imported medicines in 1990, which said units and individuals who import medicines must have both a licence and quality certificate.

However, many unlicensed imported medicines are being sold in the country.

And some importers try to escape pharmaceutical inspections at ports.

The Ministry of Public Health is instructing local governments and departments to be strict on law enforcement to protect the health of Chinese people and anyone violating State Pharmaceutical Law must be dealt with severely.

The ministry reiterated in the circular that medicines imported without a Chinese licence and evading inspection would be handled as fake drugs.

Medicines imported with fake inspection reports must be confiscated, along with all the illegal profits that the importers gained from marketing the medicines.

Serious cases should be sent to the courts, said the circular.

According to the ministry, pharmaceutical inspection stations have been set up in 14 ports including Shanghai, Tianjin and Dalian.

Foreign Funds Aid Agricultural Development

OW0408113893 Beijing XINHUA in English 0733
GMT 4 Aug 93

[Text] Beijing, August 4 (XINHUA)—China has absorbed a total of eight billion dollars-worth of foreign funds for 3,136 agricultural projects, according to the Ministry of Agriculture.

Most of them have already been completed and have begun yielding profits.

The North China Plain Project and the Hebei Agricultural Development Project were the country's first large-scale foreign-funded agricultural projects.

The first one aimed at harnessing the 200,000 ha [hectares] of saline-alkali land in the plain bounded by the Yellow, Huaihe and Haihe Rivers in Henan, Anhui and Shandong Provinces, utilizing a loan of 60 million U.S. dollars from the World Bank.

The second aimed to control 35,000 ha of low-lying land with a loan of 25 million U.S. dollars from the International Agricultural Development Fund.

Good results have been brought about with the completion of the two projects. The output of crops and cotton in the benefited area has increased by 91.5 percent and 134.4 percent, respectively, and the average net income of rural people has leaped threefold.

The foreign funds invested in China's farming, forestry, husbandry and water conservancy play an important role in making up for scarcity of domestic capital, promoting the country's agricultural productivity and increasing rural incomes.

Beijing Seminar Discusses Rural Unemployment

HK0508033093 Beijing CHINA DAILY in English
5 Aug 93 p 2

[By staff reporter: "Plea Over Problem of Rural Jobs"]

[Text] The growing problem of finding jobs for unemployed young farmers needs urgent attention, senior officials and economic pundits said yesterday.

Attending a one-day seminar in Beijing on the problem, they called on the government to investigate the issue and train surplus rural labour.

A thorough survey, focused on the resources and flow of the surplus rural labour, would help with the building of a new national market economy that would accommodate more idle young farmers, said the officials and researchers.

They urged the government to teach young farmers to acquire one or two special skills before they quit their farm work.

The current massive flow of the surplus rural labourers into Chinese cities has posed a threat to the development of both rural and urban economies, said Pan Yue, Director of the China Youth Research Centre.

More rural firms would be opened to absorb the surplus rural labour, he predicted.

Government Plans Steps To Protect Arable Land

HK0408041093 Beijing CHINA DAILY in English
4 Aug 93 p 1

[By staff reporter: "State Will Protect, Increase Arable Land"]

[Text] The Chinese Government said yesterday it would implement measures to protect the country's limited arable land resources.

At the same time, it will bring more waste land into cultivation.

While tightening control over farmland used by various construction projects, the government is going to develop more than 446,000 hectares of newly reclaimed land this year, a senior land official said.

Zou Yuchuan, Deputy-Director of the State Land Administration (SLA), told CHINA DAILY that nearly 60 percent of the newly-reclaimed land will be turned into farmland.

By the end of this year, Zou said, the country's annual total of farmland to be used by various non-farming projects should be under 160,000 hectares.

Zou expects that the effort will balance China's demand for and supply of farmland.

Following a national agricultural development programme launched five years ago, about 1 million hectares of waste land have been reclaimed throughout China.

Over the last two years, the central government has invested as much as 1.6 billion yuan (\$280 million) each year in the reclamation programme. Plus the funds from local government and bank loans, annual investment in the programme exceeds 6 billion yuan (\$1.05 billion), the sources said.

According to the SLA, around 1,000 counties and 360 State-owned farms in 29 provinces and autonomous regions are involved in the programme.

The programme was launched in 1988 to improve the country's agricultural conditions and to ensure a sustainable development of agriculture. A better combination of economic development and environmental protection is also the aim of the programme.

According to the SLA's officials, China has, over the last four decades, lost some 40 million hectares of farmland, or about twice the size of France. This was balanced only by the same amount of waste land reclaimed in the same period.

However, officials say the total farmland has been shrinking rapidly in recent years due to large-scale construction everywhere, which makes reclaiming of waste land even more necessary.

But there is still 33 million hectares of waste land in China that can be reclaimed. In the Yellow River Delta alone 400,000 hectares of waste land is available for reclamation.

State Organ Issues Flood Bulletin No. 5

OW0208152893 Beijing XINHUA in English 1438
GMT 2 Aug 93

[Text] Beijing, August 2 (XINHUA)—The State Flood Control and Drought Relief Headquarters, China's national flood control authority, today issued its fifth flood bulletin of the year.

The bulletin says that from July 31 to August 2, rainfall has been concentrated on Beijing and seven provinces in the northern, northeastern and central parts of China. A few places in those regions have been hit by severe rainstorms.

In central Hunan Province, the bulletin says, the water level of Dongting Lake, China's largest fresh water lake, will soon exceed a danger line due to the flooding of the Ruanshui River, which feeds into the lake.

In northeast China, the level of the Nenjiang River rose to 140.59 m [meters] by this morning, which is 0.89 m above the alarm line. And the water level is still rising, the bulletin says.

In east Jiangsu Province, authorities lifted a flood leakage gate at noon today after the water level of Taihu Lake hit 3.82 m, the bulletin says.

In the most severely affected areas, tens of thousands of people have been mobilized to fight against flood threats, the bulletin says.

In another development, the national meteorological station forecast today that as of August 3, wide-ranging rain in the eastern and southern parts of China should subside.

Commentator on Lightening Peasants' Burdens

HK0408013093 Beijing JINGJI CANKAO BAO in
Chinese 8 Jul 93 p 1

[Commentator's article: "One Needs To Act Steadfastly and Resolutely To Lighten Burden on Peasants"]

[Text] The Central Committee and the State Council have adopted resolute measures for lightening the burden on peasants lately. In late May, they authorized the Ministry of Agriculture to cancel the 43 escalating indexes in rural areas and to correct 10 erroneous charges; in mid-June, it made another announcement to annul 37 funds-collection items, foundations, and charges, while making explicit related policies on correcting malpractice in compulsory charges, apportioning, and collecting "fares for a lift [da che shou fei 2290 6508 2392 6316]." These actions are the specific embodiment of central state organs taking the lead in playing an exemplary role since the end of last year; they have served as a powerful impetus to push the work of local governments at various levels, while gaining the heartfelt broad support of peasants. This is something substantial the party and state have done for the peasants.

Why should the Central Committee and the State Council pay such great attention to lightening the burden on peasants and grasp the matter so firmly? Why should such resolute measures be adopted today? This was a very important strategic decision made by starting from the entire rural situation today. Generally speaking, the current agricultural and rural situation is fine; however, there are some problems which are comparatively serious, with complicated contradictions which are related to each other. Regarding related problems in connection with the burden on the peasants, they find expression in these facts: first, IOU's in the purchase of farm and sideline produce; second, recurrent high prices for materials for agricultural production; third, excessively low economic returns for peasants planting grains, with the gap between the prices of industrial and agricultural products widening; and, fourth, too many people have leaned on the peasants and asked them for funds from every side, all of which the peasants classify as "invisible burdens." The Central Committee and the State Council are very determined to present the current measures on lightening burdens on peasants, and the

measures are resolute. Otherwise, it will be very difficult to really alleviate the burden on peasants.

We should point out that in implementing the strategic decision of the Central Committee and the State Council, some problems still exist in some departments and localities, and there is a certain gap in their understanding and action. This chiefly finds expression in: first, a failure to proceed from the overall situation and emphasizing departmental interests, and when things markedly involve burdens on peasants, the departments will not recognize this, stalling people with vague answers; second, proceeding from departmental interests, they find pretexts, emphasize difficulties, and set up roadblocks; third, issuing documents on their own without the examination and sanction of higher levels to announce that the implementation of past stipulations would be continued, while sticking to their old way of doing things; and, fourth, some comrades still have a confused understanding on the issue of weeding out burdens on peasants.

Some comrades argue that what their departments are engaged in does not involve a burden on peasants, because they had red-lettered documents issued by the Central Committee and the State Council to abide by. Actually what we want to weed out is precisely documents in this category. In reviewing those documents, the stipulations in them may have been correct at the time they were issued, and those matters involved in the documents should really be taken care of; nevertheless, those things to be taken care of are really far too numerous, things which one department believed to be imperative, and others things which another department believed to be imperative are just far too numerous and beyond control when they are combined. Others said that what they were doing was simply for the peasants' own good and that the peasants would only benefit from it. In fact, there were many good things which the peasants were unwilling to undertake under the condition that such things were quite beyond their means because of their comparatively low incomes. When the peasants in some localities had not finally resolved the problem of having sufficient food, was it possible for them to think beyond that? This being the case, in doing good things, the principle of willingness must also be adhered to. We must refrain from compulsory behavior, and we should not require unanimity in everything. We should unify our understanding on the basis of earnestly protecting the peasants' enthusiasm, which is the major principle and overall situation; all other matters fall into the category of minor principles and situations. Minor principles should subjugate to the major principle and minor situations to the overall situation.

Now the picture is very clear: lightening the burden on peasants is inevitable, and the crux lies in grasping implementation in a down-to-earth way. Only when those items are genuinely implemented will the burden on peasants really be lightened; then the 900 million

peasants will be allowed to advance toward being comparatively affluent. Presently, it is imperative for us to exert great efforts to do a good job of the following work.

First, we must fulfill to the letter the spirit of the Central Committee and the State Council on lightening burdens on peasants. Various localities should actively set out what additional items of funds collection and charges of central state organs involving a burden on peasants should be abolished or reduced. Regarding the abolition of those items that have already been announced, various places and departments must resolutely carry them out to the letter, leaving no spot untouched, avoiding superficial jobs and delays under any pretext or charging the peasants in disguise; party committees and people's governments at all levels should resolutely implement the decision of the Central Committee and the State Council; and the main responsible persons in the party and government should personally grasp implementation.

Second, it is necessary to firmly grasp the work of weeding out and examining documents issued at the provincial level. Provincial, autonomous regional, and municipal governments should earnestly weed out documents issued at provincial level and examine every item based on the principled spirit of the State Council on deliberating all documents and items involving burdens on the peasants by linking them to local conditions; all documents and items involving burdens on peasants presented by organizations below provincial level should be abolished without exception; from now on, no department or unit of state organs has any authority to issue documents involving burdens on peasants whatsoever; and those that must be issued will be done so jointly by the Ministry of Agriculture, the State Planning Commission, and the Ministry of Finance. Any documents issued otherwise are void in effect.

Third, it is necessary to do a good job of pilot projects to set up scientific administrative institutions. All provinces, autonomous regions, and municipalities should actively unfold the work of pilot projects to handle well the relationship among the state, the collective, and the peasants and to basically resolve the issue of excessive burdens on peasants. All provinces, autonomous regions, and municipalities should actively unfold pilot projects on lightening burdens on peasants, and the Ministry of Agriculture should help various localities formulate scientific plans for pilot projects, organize their implementation with meticulous care, and establish wide-ranging scientific administrative institutions so that the supervision and control over burdens on peasants may be included on the track of the legal system.

In short, to protect peasants' legitimate rights and interests as well as their enthusiasm for production, earnestly lightening burdens on peasants is a pressing political task assigned to us by the Central Committee and the State Council, and we must resolutely carry it to out the letter in implementation.

Country Fairs Promote Commodity Circulation

OW0308092793 Beijing XINHUA in English 0736
GMT 3 Aug 93

[Text] Beijing, August 3 (XINHUA)—Country fairs, which have been booming since the 1970s, have become major channels for commodity circulation in rural areas.

According to the latest statistics, China has 79,000 country fair markets, which sell more than half of the country's total farm products and an increasing amount of capital goods.

Last year saw the trade volume of these markets reach 353 billion yuan-worth, accounting for one fourth of the country's total retail sales.

Grain, which was not regarded as a commodity in China under the central planning system for decades, is now being sold on the market.

The state has set up state, regional and local grain wholesale markets.

A survey report shows that of the total grain output purchased by the state last year only one eighth was purchased on contract; the rest were purchased from markets.

An official of the State Planning Commission said that "multi- channeled commodity circulation has gradually replaced the form of central planning, under which goods were allocated and transferred in a unified way."

To boost the market economy, localities have invested more in nurturing commodity markets of varied kinds in recent years.

So far China has more than 100 markets each with an annual trade volume topping 100 million yuan-worth.

The state plans to open futures markets for grain and edible oils in Zhengzhou, the capital of central China's Henan Province, and Shanghai in east China this year.

The booming country fairs have forced the supply and marketing co-operative, a monopoly agency in charge of marketing commodities in rural areas under central planning, to shift its mechanism, join market competition and give better service to farmers.

The official acknowledged that the country fairs and markets are still developing unevenly, but said that the state has worked out a series of regulations to standardize them.

Correction on Electric Power Grid Regulations

OW0508100093

The following correction pertains to the item entitled "Regulations on Electric Power Grid Control" published in the 30 July China DAILY REPORT, pages 33-35.

Page 35, column two, first paragraph, first complete sentence, should read: "Violations that constitute crimes shall be prosecuted as criminal cases in accordance with the law." (deleting the words "do not")

East Region

Shen Daren on Jiangsu's City Congress Work

OW0408122393 Nanjing Jiangsu People's Radio
Network in Mandarin 2300 GMT 24 Jul 93

[From the "News" program]

[Text] The Jiangsu Provincial People's Congress Standing Committee on 23 and 24 July held a discussion meeting with responsible persons from all city people's congress standing committees.

The meeting emphasized the following points: Local people's congresses at all levels must persistently work under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line. They must deem it their fundamental task to strengthen socialist democracy and the legal system, further play their role as local organs of state power, continue to promote [words indistinct], and ensure that the tasks put forward by the 14th CPC National Congress and the First Session of the Eighth National People's Congress [NPC] are carried out in all parts of this province.

Shen Daren, chairman of the provincial people's congress standing committee, attended the meeting and delivered an important speech. Provincial people's congress standing committee Vice Chairmen Gao Dezheng, Zhang Yaohua, Tang Nianci, Ling Qihong, and Wu Xijun were present at the meeting. Vice Chairman Gao Dezheng first conveyed to the meeting the guidelines of the Second Session of the Eighth NPC Standing Committee and the discussion meeting of responsible persons of provincial, autonomous regional, and municipal people's congress standing committees. In his speech, Chairman Shen Daren discussed how to further strengthen the work of people's congresses under the new situation.

He said: We should take full advantage of various channels to give comprehensive and thorough publicity in various forms on the character, role, and functions of people's congresses. We should unify people's thinking about the law. We should, with a high degree of responsibility and enthusiasm, seriously perform our functional duties that are stipulated by the PRC Constitution and other laws and make due contributions to perfecting the people's congress system.

Shen Daren pointed out: Local people's congresses should pay attention to important political, economic, and social issues and strengthen their supervisory role. The stress of supervision should be viewed in three respects: 1) It is necessary to strengthen supervision over implementing policies and measures concerning current economic work, such as [word indistinct], issued by the party Central Committee and the State Council, to ensure our province's steady, rapid, and sound economic development; 2) it is necessary to strengthen supervision

over law-enforcement personnel, keep investigating typical cases of great importance, and supervise departments concerned in seriously handling them; and 3) it is necessary to strengthen supervision over government personnel through various channels to ensure a clean and honest government, and to supervise and support the courts, judicial supervisory organs, procuratorial organs, and administrative supervisory organs in adopting effective measures, making breakthroughs in investigating and handling corruption cases, and resolutely stopping rampant corruption.

During the meeting, the responsible persons of various city people's congress standing committees put forward many good opinions regarding stepping up legislation, instituting and improving supervisory mechanisms, and strengthening people congresses. Vice Chairman Gao Dezheng summed up the discussion in a speech.

He said: It is necessary to clearly understand the new situation and the new requirements the work of people's congresses. In local legislation, we should further emancipate our minds, renew our concepts, and accelerate the pace of local legislation. We should boldly formulate well local laws and regulations in consideration of local reality, with a view to ensuring and promoting local economic development, and with the precondition that local legislation does not contravene state laws. We should strengthen our supervision over implementing laws and over government work and resolutely uphold the unity and dignity of party policies and state laws.

Vice Chairman Ling Qihong made a report at the meeting on his recent visit to Guangdong and Shenzhen, where he studied local economic legislation.

Jiangsu Village Builds Transformer Station

OW0508082293 Beijing XINHUA in English 0713
GMT 5 Aug 93

[Text] Nanjing, August 5 (XINHUA)—The richest village in east China's Jiangsu Province has built the province's biggest village-level transformer station.

Huaxi village, with 410 households, is home to 25 factories, including two Sino-foreign joint ventures. The factories' products are sold both in China and in 12 foreign countries.

The village turned out 516 million yuan (about 89 million U.S. dollars)-worth of agricultural and industrial products last year. During the first half of this year the output value and pre-tax profits increased by 107 percent and 85 percent, respectively, over the same period of last year.

Two more factories with a total estimated output value of one billion yuan are expected to go into operation next year.

As the village's economy is developing rapidly, power shortages have become acute.

The 110-kv transformer station, which has cost 13 million yuan and takes up a floor space of 5,200 sq m [square meters], is already in operation.

Shanghai Radio To Start Three New Programs

OW0308125293 Shanghai WEN HUI BAO in Chinese
25 Jul 93 p 3

["Shanghai Radio To Air New Programs"—WEN HUI BAO headline]

[Text] The Shanghai People's Broadcasting Station constantly starts new programs in the course of changing the contents of its broadcasting. Beginning tomorrow, it will present to its listeners three new comprehensive literature and art programs of different style and distinguishing features.

"Sweet Time With Mai" is a casual program, full of the delight of modern life. It consists of various categories of items, including music, scripts read by the host, and listeners' participation, to be broadcast daily at 1000 and 1830 on 1197 kHz.

"Happy Night, Shanghai" will be hosted by Ge Ming, who is the scenarist-director of the famous program "Wang Xiaomao." The new program, with a strong flavor of Shanghai people, will be on the air at 2210 every Sunday on 990 kHz.

From 2330 to 0100 daily, if our listeners are not yet asleep, they may tune their radio to 990 kHz to the "Midnight Milky Way" program, which will take the listeners into a colorful passionate world and give them an ease of mind and artistic enjoyment.

Central-South Region

Guangdong Commentator on Macroeconomic Regulation

HK0508110493 Guangzhou NANFANG RIBAO in Chinese
17 Jul 93 p 1

[Commentator's article: "Unify Understanding, Move Ahead in a Steady Manner"]

[Text] In the first half of this year, our province's economy has been developing along the trend of rapid growth that was initiated last year, and fairly high growth has been registered in all the fields of production, construction, commodity circulation, and consumption. Major economic targets are fulfilled in a well-coordinated manner, and the economy has been operating smoothly, in general. Economic results have been improved remarkably. Although agriculture has been subject to some unfavorable factors owing to natural disasters, relatively good results have been achieved, as all localities in this province have set great store by agriculture and have made every effort to stabilize the grain growing area. Both urban and rural markets are brisk, while foreign economic trade continues to expand.

The province is seeing a gratifying, prosperous economic situation. Like other parts of the country, however, Guangdong Province has encountered some new contradictions and problems amid sustained high growth. The following are some major contradictions and problems: 1) construction funds are in short supply, failing to meet demand; 2) commodity prices have increased by an excessively wide margin; and 3) transport facilities are insufficient, and the production structure, particularly the investment structure, remains unreasonable. Therefore, it is necessary to intensify macroeconomic regulation and control according to the central authorities' instruction, so as to ensure steady economic development.

Intensification of macroeconomic regulation and control is very important in the development of the market economy. Even in developed Western countries, governments have been constantly intensifying macroscopic regulation and control over the market economy. Stressing that only the market's automatic regulatory function inevitably will result in blindness and anarchy in economic development. In this regard, there are many cases from which we can draw a lesson. Particularly noteworthy are those new contradictions and problems arising from economic development in our province and country. In order to solve them promptly, intensifying and improving macroeconomic regulation and control has become particularly important. Therefore, as far as practical work is concerned, we must not consider only the partial interests of our own localities and units and our own immediate interests, but should take the whole situation into account, show great foresight, and set great store by overall and long-term interests. Thus we will be able to submit partial interests to overall interests, local interests to the interests of the province and the central government, and short-term interests to long-term interests.

A wide range of means and methods are available to the government in exercising macroeconomic regulation and control. To cope with the contradictions and problems arising from the current economic operation, we mainly apply economic methods, and also some administrative means and organizational measures where necessary. As for those cases of economic disorder which are mainly the consequence of administrative behavior, we need to solve them by administrative means accordingly. Now that a new market economic structure has not taken shape yet and the economic operational mechanism is unsound in this province, administrative means are indispensable. Intensification of macroeconomic regulation and control must suit the actual needs, discriminative guidance should be given to specific cases, and the practice of applying the same measures to all cases indiscriminately should be avoided. However, more vigorous actions should be taken to prevent serious inflation, to rectify financial order, and so on. At the same time, we need to adopt the necessary organizational, disciplinary, and legal means to ensure real effects.

Intensifying and improving macroeconomic regulation and control does not mean an overall economic retrenchment, still less slowing down the process toward the market economy, but rather maintaining sustained and rapid economic growth and creating a necessary macroeconomic environment for the in-depth development of reform. For the moment, we must seek a common understanding and consider our case against the backdrop of overall interests and from a long-term point of view. For some problems, you can hardly study them thoroughly by partial observation, but you can make a correct judgment on them only if you consider them against the background of the overall, macroeconomic situation and in light of the future development trend. When they need to judge whether economic growth is too fast and whether the scale of investment in fixed assets is too large, different localities and sectors should consider their own affairs against the backdrop of the nationwide and provincial macro environment; reach a correct, common understanding; combine emancipation of the mind with the principle of seeking truth from facts; integrate accelerated development with deepened reform; steadfastly implement the central authorities' guideline on intensifying and improving macroeconomic regulation and control; and adopt resolute measures to solve prominent economic problems, thus keeping the province's economy developing along the present good trend.

Henan Secretary Addresses Agriculture

*HK0508052793 Zhengzhou Henan People's Radio
Network in Mandarin 2300 GMT 3 Aug 93*

[Excerpts] At the provincial telephone conference on the work of purchasing agricultural and sideline products on yesterday morning, the provincial party committee and government urged various localities and concerned departments to take resolute measures to guarantee a sufficient supply of loans for agriculture in good time, thus ensuring that no IOUs will be issued in the latter of this year when purchasing agricultural side-line products. [passage omitted]

In talking about our province's situation, Governor Ma Zhongchen stressed: Only when we pool funds together and ensure that no IOUs will be issued in the autumn procurement season purchase can peasants' income and their enthusiasm in agriculture be increased, so that they

will purchase indispensable consumer goods and reduce the overstocking of industrial products. This directly concerns immediate peasant interests and has a bearing on whether or not agriculture can develop steadily and whether or not the national economy can continue to grow.

At the meeting, provincial party Secretary Li Changchun set forth a new target for rural work throughout the province. He urged the whole province, from the leadership to the rank and file, to seize the good opportunity at present to develop (county-based) rural economy, and, as far as rural work is concerned, deepen reform, transform the mechanism, optimize the structure, improve benefit, and practically strengthen party leadership over rural work, enabling our province's rural economy to advance to a new level. [passage omitted]

Fan Qinchun, vice governor, presided over the telephone conference, and Zhong Lisheng, vice chairman of the provincial people's congress standing committee, and Zhu Shuquan, vice chairman of the Chinese People's Political Consultative Conference provincial committee, attended the meeting.

Hunan Officials Seize Illegal Tapes, Discs

*HK0508052993 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 3 Aug 93*

[Text] The provincial people's congress science, education, culture, and public health committee laid down guidelines for conscientiously enforcing the law in the cultural market and, in particular, in the audiovisual market. From the morning of 2 August to the small hours of 3 August, implementing these guidelines, the Changsha City radio and television bureau, public security bureau, administration for industry and commerce, and price bureau jointly organized over 40 inspectors to conduct a thorough check on the audiovisual market in Changsha City. In particular, they checked 52 places distributing, showing, and renting out audiovisual materials; confiscated a total of 1,469 illegally published audio and video tapes and 611 smuggled compact discs and videodiscs; and closed two unlicensed shops.

Provincial radio and television bureau, provincial cultural bureau, and Changsha City party committee's propaganda department gave vigorous support to this operation and specially assigned personnel to taking part in yesterday's inspection and rectification work.

Symposium on Cross-Strait Ties Opens

OW0308135593 Beijing XINHUA in English 1327
GMT 3 Aug 93

[Text] Ningbo, August 3 (XINHUA)—The third symposium on relations across the Taiwan Strait opened yesterday in Ningbo City, east China's Zhejiang Province. Some 140 scholars and industrial and business figures from Taiwan, Hong Kong, the United States, Japan and the Chinese mainland took part in the conference, according to official sources.

The symposium was sponsored by the mainland's Taiwan Studies Society, the All-China Federation of Taiwan Compatriots and the Taiwan Research Institute of the Chinese Academy of Social Sciences. The vice president of the Taiwan Studies Society, Mr. Guo Pingtan, addressed the opening ceremony yesterday, saying that relations across the Taiwan Strait, specially economic ties, have been developing rapidly. Policies and practical problems hindering further development of relations needed to be settled.

Official figures show that around 12,000 Taiwan businesses have invested in the mainland. With the opening to Taiwan business of new fields, such as commodity retailing, real estate, finance and transport, the number is expected to increase.

Besides a three-day discussion, delegates to the symposium will spend two days sightseeing, sources said.

The first session of the symposium was held in 1991, the second last year.

Symposium Concludes

OW0408151293 Beijing XINHUA in English 1409
GMT 4 Aug 93

[Text] Ningbo, August 4 (XINHUA)—The Third Symposium on Relations Across the Taiwan Straits closed today in Ningbo city, in east China's Zhejiang Province.

Some 140 scholars and industrial and business figures from Taiwan, Hong Kong, the United States, Japan and the Chinese mainland took part in the three-day event.

Participants agreed that economic co-operation between the two sides of the Straits contributes to Chinese prosperity, and to the understanding and trust of the two sides, and should lead to the reunification of the motherland.

The symposium was sponsored by the mainland's Taiwan Studies Society, the All-China Federation of Taiwan Compatriots and the Taiwan Research Institute of the Chinese Academy of Social Sciences.

The vice president of the Taiwan Studies Society, Mr. Ji Chongwei, told the closing session that the symposium has been conducted in a warm, optimistic and harmonic atmosphere and has reached common understanding on many issues of relations across the Straits.

Ji called for early removal of the ban on direct exchanges of mail, trade, air and shipping services between the two sides of the Straits.

'Stronger Economic Ties' Mean More Phone Calls

HK0508041093 Beijing CHINA DAILY in English
5 Aug 93 p 1

[By staff reporter: "Sharp Hike in Calls to Taiwan Reported"]

[Text] Telephone calls between the Chinese mainland and Taiwan, despite having to be made through a third party, have been rising sharply.

In the first half of this year, 11.14 million telephone calls were made from the mainland to Taiwan, an increase of 83 percent over the same period last year, according to post officials.

However, during the same period, the mainland received and sent about 12.49 million letters through the post—also indirectly—to and from Taiwan, a drop of 0.7 percent, according to an official of the Department of Policy and Regulation with the Ministry of Posts and Telecommunications.

She said yesterday in an interview that the fast growth of "indirect" cross-Straits telephone calls was an indication of stronger economic ties between the Chinese mainland and Taiwan.

She attributed the slight drop in letters to the fact that more and more people use telephones to contact their family members or business offices on the other side.

There are more than 10,000 Taiwan-funded firms on the mainland, consisting of solely owned Taiwan enterprises, joint ventures and cooperation projects.

In 1992, Taiwan investors agreed to pump \$5.5 billion into mainland industries.

Last year, some 1.5 million tourists from Taiwan visited the mainland, compared with about a million in 1991.

The mainland and Taiwan agreed to begin accepting each other's registered mail, including letters, postcards, printed matter, newspapers, magazines and documents written in braille, in May of this year.

The ministry official said that in recent years, cross-Straits phone links have been growing at an annual growth rate of above 50 percent.

Some 14.72 million phone calls were made last year from the mainland to Taiwan, a jump of 83 percent compared with the previous year.

Taiwan authorities have not opened direct postal and telecommunication links with the mainland, while the mainland side has repeatedly called on establishment of such straight-forward links as quickly as possible.

Both Taiwan and the mainland have to pay some \$10-20 million each to the third party. All cross-Straits phone calls have to be made via an intermediary, such as Hong Kong, the United States and Japan.

Bank Governor To Attend U.S. Financial Seminar
OW0508085593 Taipei CNA in English 0749 GMT
5 Aug 93

[Text] Taipei, Aug. 5 (CNA)—Central Bank of China (CBC) Governor Samuel Shieh will travel to the United States Aug. 18 to attend an international financial seminar sponsored by the U.S. Federal Reserve.

CBC officials said that Shieh's invitation to the seminar indicates that Taiwan's economic strength has been confirmed by the United States and Shieh's active expansion of international financial ties has gained substantial response.

Shieh will be accompanied by Peng Fai-nan, general manager of CBC's foreign exchange department. They will return to Taiwan on Aug. 24.

Board Plans Intellectual Property Rights Unit
OW0408151693 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT
3 Aug 93

[From the "Hookup" program]

[Text] Huang Yen-chao, director general of the Board of Foreign Trade under the Ministry of Economic Affairs [MOEA], pointed out yesterday that in order to beef up the measures to be implemented for protection of intellectual property rights, the Executive Yuan has decided to establish a special unit under the framework of the MOEA to take charge of patents and trademarks and with the power of meting out punishment, in the hope that the establishment of the unit charged with specific responsibilities will help dissolve the long-existing trade friction between the Republic of China [ROC] and the United States.

Huang Yen-chao indicated that in the eyes of the United States, the items that we have not fulfilled, as agreed, also include the amendment bills to the Patent Law and the Trademark Law, which have not been passed through the third reading, as well as Article 57 of the bill on an amendment to the Trademark Law with provisions governing parallel imports. However, the U.S. side is fully aware that the outcome of an amendment to a law is beyond the control of an administrative department. Owing to the fact that the ROC is still unable to remove its name from the "priority watch list," the measures we have promised the United States to introduce for protecting the intellectual property rights, such as a system to control attempts to counterfeit trademarks and exports, are still in the course of being established.

Huang Yen-chao said: The Executive Yuan has already directed the MOEA to study, while carrying out organizational changes, the possibility of setting up an additional body to specifically take charge of integrating patent and trademark matters, with the power to mete out punishments, but to remain affiliated to the MOEA.

Currently it has reached the stage of being studied and set up by the National Bureau of Standards.

President Li Receives Irish Congressional Leader
OW0508085693 Taipei CNA in English 0754 GMT
5 Aug 93

[By Danielle Yang]

[Text] Taipei, Aug. 5 (CNA)—President Li Teng-hui Thursday [5 August] met with Sean Treacy, chairman of the House of Representatives of the Republic of Ireland.

Li told Treacy that it is unfair the Republic of China [ROC], which has always fulfilled its duty as a member of the international community, has been excluded from membership in the United Nations. Li stressed that in the post-cold war world, all countries must cooperate with each other so as to promote peace and human welfare.

The president said the ROC has distinguished itself internationally as a model for developing countries. He added that he believes the nation soon would be accepted by the international community.

Treacy said Ireland fully understands the ROC's desire to join the United Nations. He added that Ireland supports the ROC bid to enter the General Agreement on Tariffs and Trade (GATT).

During a discussion of ROC-Ireland ties, Li said trade and cultural exchanges increased since an exchange of non-official representative offices several years ago. He added that Treacy's visit would help promote bilateral understanding. Treacy, in return, expressed admiration for Taiwan's economic progress, which Li said resulted from the efforts of all people on the island.

Executive Yuan Approves British Aerospace Deal
OW0508062693 Taipei LIEN HO PAO in Chinese
28 Jul 93 p 1

[Text] Yesterday, the Executive Yuan formally approved the plan to set up a joint venture between the Taihsiang Corporation and the British Aerospace Group on manufacturing regional passenger planes. Chiang Ping-kun, minister of economic affairs, will notify the British group of the Executive Yuan's formal approval in a letter stating the government's support for this multinational joint venture. Liang Kuo-shu, chairman of the Board of Directors of the Communications Bank will also send a letter to the British group in the near future to express the bank's consent in coordinating loans for the project.

Many problems remain unsettled in the Taihsiang project. When asked if this government policy decision "represented" a "final" breakthrough for the project, Yang Shi-chien, vice minister of economic affairs, said: "Although the Executive Yuan's approval does not have the effect of a 'marriage'; it has a 'nuptial' significance."

As for dates of signing various contracts for the joint venture, Yang said that details will be worked out by Taihsiang as the work of the government has already been completed, adding that other pending problems should be coordinated and resolved between Taihsiang and the British group. He anticipated that it will take one or two months for the two sides to finalize contracts on setting up the joint venture AVRO [letters as published], and on having the loans approved.

With the approval of the plan, the Executive Yuan will increase its development fund for investing in Taihsiang by 5 percent (approximately 262 million New Taiwan dollars [NT\$]) to reach 29 percent of the shares, while the Communications Bank will also increase its investment from 5 to 10 percent shares. The China Development Corporation, "drafted" by the Executive Yuan, has decided to invest in 10 percent shares of Taihsiang. However, since the Ministry of Economic Affairs [MOEA] is not sure whether other nongovernmental Taihsiang shareholders are willing to pay for their shares, it can only promise to render "assistance."

Yang said: So far, Taihsiang is still more than NT\$2 billion short of its NT\$5.24 billion registered capital. After the Executive Yuan's development fund and the shares committed by the Communications Bank and China Development Corporation enter Taihsiang's account, it will only be NT\$1 billion short of its registered capital. The MOEA will help Taihsiang raise enough capital by searching for new shareholders.

According to an informed source, AVRO's capital amounts to 240 million British pounds, equivalent to NT\$9.7 billion, of which Taihsiang's shares are 50 percent, or NT\$4.86 billion. Taihsiang must put 93 percent of the its collected capital in AVRO. Therefore, the pressing question confronting Taihsiang is whether or not it can collect all the share money, remit it to Britain for setting up AVRO, and then use the AVRO title to apply for loans from the Communications Bank and other banks. If this question is not resolved, the joint venture is merely "empty talk."

Exports to Europe Decline in First Half of '93

OW0408145093 Taipei CNA in English 1411 GMT
4 Aug 93

[Text] Taipei, Aug. 4 (CNA)—Taiwan exports to Europe declined in the first half of this year while imports from the continent increased, the Board of Foreign Trade (BOFT) reported Wednesday (4 August).

According to BOFT statistics, Taiwan exported US\$6.22 billion worth of goods to Europe between January and June, down 7.8 percent from the same period of last year.

Its imports from Europe during the six-month period increased 14.1 percent to US\$6.83 billion.

As a result, Taiwan suffered a trade deficit of US\$211 million with European countries as a whole, compared with a US\$1.19 billion surplus it registered a year ago.

Two-way trade between Taiwan and Europe, totaling US\$13.05 billion, accounted for 16.7 percent of the island's total foreign trade in the January-June period.

BOFT officials attributed the rise in imports from Europe mainly to increased domestic demand generated by the ongoing Six-Year National Development Plan.

Steel, machinery and integrated circuit imports from Europe registered significant increases, the officials noted.

Taiwan's textile, footwear, toy and computer exports to Europe all dropped during the period because of keen competition from Mainland China, Hong Kong and South Korea as well as a prolonged economic recession in major European countries, the officials added.

Philippines Trade Meeting in Taipei Ends

OW0508143493 Taipei CNA in English 1413 GMT
5 Aug 93

[Text] Taipei, Aug. 5 (CNA)—The Eighth ROC [Republic of China]-Philippines trade meeting ended here Thursday [5 August] with the two sides agreeing to strengthen economic ties.

The 120-member Filipino delegation was led by six cabinet ministers and vice ministers.

Business leaders from the two countries discussed a wide range of topics, including the development of information and electronics industries, financing of industrial infrastructures, travel and tourism, manpower services, agriculture, legal affairs and taxation, said Jeffrey Koo [spelling of name as received], chairman of the ROC's Chinese-Philippine Business Council.

In his opening speech, ROC Economics Minister P.K. Chiang said Taipei and Manila will formally sign an agreement Friday [6 August] to jointly develop an industrial zone at Subic Bay in the central Philippines.

Chiang said the trade relationship between the two countries has become increasingly close during the past several years.

The ROC was the third largest foreign investor in the Philippines last year behind the United States and Japan.

Taiwan-Philippines trade reached US\$1.3 billion last year, up 22.8 percent over 1991. For the first five months of this year, trade totaled US\$586 million, an increase of 9.8 percent over the same period in 1992, Chiang said.

Chiang said he hoped that the two countries, which signed an investment guarantee agreement in February of last year, will also sign agreement's on the avoidance of double taxation in the near future.

Official Visits APEC Leader in Singapore

OW0408140893 Taipei CNA in English 1347 GMT
4 Aug 93

[Text] Singapore, Aug. 4 (CNA)—A high-ranking Republic of China [ROC] official said here Wednesday [4 August] that Taiwan will strengthen cooperation with the Asia-Pacific Economic Cooperation (APEC) forum.

ROC Economic Affairs Minister P.K. Chiang made the statement while meeting with APEC Secretary-General W. Bodde at the APEC headquarters. Chiang said such a policy is imperative given the ever closer economic ties between Taiwan and APEC members. Taiwan's exports to the Asian region have increased to more than half of the country's aggregate outbound shipments and are fast growing, he added.

While hailing the role APEC has played in the promotion of regional cooperation, Chiang also guaranteed that the ROC would be making more contributions to the 15-member organization.

Turning to economic relations across the Taiwan Strait, the minister said that with the tensions between the two sides easing, the ROC Government has gradually removed import restrictions on mainland-produced raw materials and semi-finished products. Mainland China is also a member of APEC.

Chiang ended his four-day visit to Singapore and flew back to Taiwan Wednesday afternoon.

Police Tow Vietnamese Refugee Ship to Keelung

OW0508140793 Taipei CNA in English 1356 GMT
5 Aug 93

[Text] Taipei, Aug. 5 (CNA)—A Vietnamese refugee ship was towed into the northern port of Keelung early Thursday [5 August] morning by a Marine Police patrol boat after being found drifting on the high seas, the Marine Police reported.

The Japan-bound vessel, with 70 Vietnamese on board including 48 men, 17 women and five children, developed engine trouble and lost power while cruising off the northern Taiwan coast near Yehliu Wednesday night.

The ship will be repaired and supplied with food and water and then returned to sea, the police said.

Taipei To Send Trade Mission to Japan

OW0408140193 Taipei CNA in English 1342 GMT
4 Aug 93

[Text] Taipei, Aug. 4 (CNA)—Another Republic of China [ROC] trade mission will be sent to Japan in November in an effort to resolve the trade imbalance between Taiwan and Japan, the Ministry of Economic Affairs said Wednesday [4 August]. The mission will focus on industrial cooperation and Japanese high technology investments in Taiwan, a ministry official said.

A large trade delegation, headed by Koo Chen-fu, chairman of the Chinese National Association of Industry and Commerce, visited Japan in May for talks with the Japanese Government and private business interests. The May talks discussed solutions to narrowing the trade gap.

According to the Council for Economic Planning and Development (CEPD), Taiwan's trade deficit with Japan totaled US\$6.97 billion in the first six months of this year, up 12.2 percent over a similar period of last year. If the deficit continues to grow unabated, it is expected to reach US\$15 billion by the end of 1993, Vice Minister of Economic Affairs S.J. Li said.

Taiwan's trade deficit with Japan almost doubled in the past four years, up from US\$6.96 billion in 1989 to US\$9.66 billion in 1991 and US\$12.8 billion in 1992, a CEPD official said.

Ministry: Japan Should Compensate 'Comfort Women'

OW0508085893 Taipei CNA in English 0800 GMT
5 Aug 93

[By Lilian Wu]

[Text] Taipei, Aug. 5 (CNA)—Japan should compensate Taiwan women who were forced to serve as sex slaves for Japanese troops during World War II, the Ministry of Foreign Affairs said Thursday [5 August].

The ministry was responding to the latest report by Japanese Government that it had forced and tricked tens of thousands of Asian women into servitude in military brothels during the war. A Taiwan women's group estimated that around 800 Taiwan "comfort women" were recruited during the war to serve the Japanese Imperial Army.

The ministry said that the Japanese Government's report was a positive step toward healing wartime wounds. They were concerned, however, that the report did not include mention of compensation for the victims. The ministry said forcing women into sex slavery is a gross violation of human rights and personal dignity. It urged the Japanese Government to take full responsibility and compensate the victims.

Foreign Countries Request Educational Assistance

OW3107082593 Taipei CNA in English 0808 GMT
31 Jul 93

[Text] Taipei, July 31 (CNA)—Taiwan's technological and vocational education system has attracted attention from many developing countries, an official with the Ministry of Education said Saturday [31 July].

Lin Tsong-ming, director of the ministry's Technological and Vocational Education Department, said many countries believe Taiwan's economic achievements are directly related to its successful educational system.

As a result, some countries have sought Taiwan's assistance in establishing their own vocational education systems, Lin noted.

At the request of Saudi Arabia, National Pingtung Polytechnic Institute in southern Taiwan is currently working on a blueprint for a specialized agricultural college to be set up in the Middle East kingdom, Lin reported.

During his recent visit to Malaysia, Lin said Malaysian officials expressed a strong desire to cooperate with Taiwan in vocational training and technological education.

The Education Ministry has tentatively decided to offer technological and vocational training programs for selected Malaysian students, Lin said. The ministry is also planning to organize a seminar on vocational education in Malaysia late this year, he added.

Earlier this year, a team of journalists from South Korea's public television network came to Taiwan to cover the island's vocational education system. They were particularly interested in the recent sharp increase in Taiwan's vocational school enrollment, Lin said.

Two months ago, Lin received a letter from an American advisor to the Vietnamese Government. The letter proposed using Taiwan's experience to help the Indochinese country establish a junior college system to cultivate middle-level technological personnel.

Lin said the Education Ministry is reviewing the proposal.

Taipei Warns of Potential Latin American Tariffs

OW0508141893 Taipei CNA in English 1408 GMT 5 Aug 93

[Text] Taipei, Aug. 5 (CNA)—The Board of Foreign Trade (BOFT) has warned Taiwan yarn producers about the possible imposition of high import tariffs by Chile.

BOFT said the Chilean yarn industry is considering asking its government to impose 24 percent import tariffs on yarn from Asian countries after discovering several Asian nations were dumping cheap yarn products on the Chilean market.

BOFT said after the European Community and the United States restricted imports of yarn from India, Pakistan, and Mainland China, those countries have sought other outlets for their exports.

Chilean yarn producers said they have felt threatened by the dumping and have asked the government to impose high tariffs to prevent such activity.

Mexico has imposed anti-dumping tariffs on a number of Mainland China products, including a 331 percent tariff on cotton yarn and fabric, 501 percent on man-made fiber and fabric, 533 percent on garments, and 379 percent on other textile goods.

BOFT said Colombia is considering similar measures. It urged the manufacturers here to heed the warnings and take appropriate action.

Mainland Delegation Attends Taipei Seminar

OW0408080693 Taipei Voice of Free China in English 0200 GMT 3 Aug 93

[From the "News" program]

[Text] A 26-member mainland delegation arrived in Taiwan Sunday [1 August] to take part in a two-day seminar on the modernization of Mainland China opening on Monday in Taipei. This is the first time in more than four decades for a large group of scholars from Mainland China to take part in an academic event held here. The visit by the mainland group is considered rather sensitive as delegation leader (Lou Xi) is close to Mainland Chinese President Jiang Zemin and an official with the Association for Relations Across the Taiwan Strait is a delegation member. The quasi official association and its Taiwan counterpart, the Strait Exchange Foundation, are responsible for dealing with cross-strait contacts in the absence of an official channel between the two sides. The ongoing seminar focuses on six topics, including the modernization of family, society, education, economy, citizenship, and politics.

MAC, SEF Discuss Follow-up to Ku-Wang Talks

OW0508030193 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 3 Aug 93

[From the "Hookup" program]

[Text] Yesterday, at a meeting attended by high ranking officials of the Mainland Affairs Council [MAC] and the Straits Exchange Foundation [SEF], discussion was held on the follow-up of the Ku-Wang talks scheduled for August. At the meeting, a consensus was established on three points. It was also decided that five of the items on the agenda will be taken up by SEF Deputy Secretary-General Hsu Hui-yu, who will be the principal negotiator at the talks. In addition, it was decided that no experts or scholars will participate in the talks. Please listen to a report by Yang Chin-hui:

[Begin recording] [Yang] This meeting of high-ranking officials of the two organizations was attended by MAC Chairman Huang Kun-hui and SEF Chairman Ku Chen-fu. The meeting's main discussion focused on matters to be dealt with at the follow-up of the Ku-Wang talks. MAC Vice Chairman Yeh Chin-feng said: Regarding the forthcoming consultations between the SEF and the Association for Relations Across the Taiwan Straits [ARATS], the MAC and the SEF have reached a three-point common understanding, the most important ones being that our side must display initiative, positive attitude, and sincerity to implement the agreements reached.

[Yeh] First, we must display our initiative and positive attitude. Second, we must also display our sincerity that we will faithfully carry out the agreements. Third, subsequent talks should be based on the topics that have been listed for further consultations in the current year, as contained in the Ku-Wang agreements.

[Yang] In regard to the time for the 29 July follow-up talks, our side sent a letter to the ARATS stating our hopes that the talks could be held in August in the mainland. As for the topics, we should, in accordance with the agreements, first dwell on the five topics for discussion listed therein, namely matters concerning repatriation, fishing disputes, joint efforts in combating crimes, mutual assistance in legal matters, and intellectual property rights. As for the priorities of discussion, once a decision has been reached through prior coordination, the two bodies may proceed directly to the discussion proper. Vice Chairman Yeh Chin-feng indicated that Deputy Secretary General Hsu Hui-yu will still be the principal negotiator of the entire talks. Because the SEF personnel have made due preparations for the upcoming talks on general affairs, it will not be necessary to include experts and scholars at this stage. Regarding the formation of the negotiating team, we should wait and decide about it after we have received a reply from the ARATS. Concerning the entry and exit of personnel from the two involved organizations, the matter will be discussed at the meeting. Specific rules and arrangements in this regard will be spelled out in the final agreement.

[Yeh] We hope that specific measures will be worked out at an early date, that will deal with the entry and exit of personnel arriving here, the role to be played by the police, and with other measures specified by the agreements.

[Yang] These measures will become the guidelines for contacts and for talks between the two bodies.

This has been a report by China Broadcasting Corporation reporter Yang Chin-hui from the MAC. [end recording]

Low Oil Price To 'Add Momentum' to Economy

OW0408141893 Taipei CNA in English 1357 GMT
4 Aug 93

[Text] Taipei, Aug. 4 (CNA)—The weak price of crude oil on the world market should help stimulate the Republic of China's (ROC) ailing economy, the Directorate General of Budget, Accounting, and Statistics reported Wednesday [4 August].

"The lower-than-expected oil prices will not only help stabilize domestic commodity prices but add momentum to the economy, as crude oil is one of Taiwan's most important import items," an official of the government budgeting agency said.

The state-run Chinese Petroleum Corporation (CPC), Taiwan's sole oil supplier, was quoted a price of US\$14.40 per barrel on Tuesday, US\$4.60 lower than previous projections. The CPC said excessive production by the organization of petroleum exporting countries was the cause of the present market glut.

Currency Depreciation Has 'Positive Effect'

OW0508141493 Taipei CNA in English 1404 GMT
5 Aug 93

[Text] Taipei, August 5 (CNA)—The depreciation of the new Taiwan (NT) dollar has had a positive effect on the export business.

Customs statistics show July exports totaled US\$7.26 billion, an increase of 5.4 percent over last July's figure. Coupled with a drop of imports of 1.7 percent to US\$6.54 billion from a year earlier, the trade surplus for the month was US\$720 million, more than double the same period last year.

The Ministry of Finance attributed the re-energized export activity to the 5.2 percent drop in the value of the NT dollar since the beginning of the year.

For the January-July period, exports totaled US\$49.18 billion and imports US\$45.13 billion, a growth of 5.1 percent and 9.2 percent respectively. The trade surplus, however, fell 26.3 percent to US\$4.05 billion, although the weakened currency should reverse that trend.

The United States remained Taiwan's largest foreign market in July, absorbing US\$2.09 billion—28.7 percent—of Taiwan's total exports, followed by Hong Kong, which took US\$1.6 billion worth of goods, or 22.1 percent of the total.

Japan, meanwhile, was Taiwan's largest source of imports, sending US\$2 billion, or 30.6 percent, worth of goods to the island, followed by US\$1.38 billion worth from the US, or 21.1 percent.

Government Studies Programs for 'Aging Society'

OW3107135993 Taipei CNA in English 1333 GMT
31 Jul 93

[Text] Taipei July 31 (CNA)—The National Health Administration is studying ways to improve its social welfare and public health programs to stay in step with Taiwan's aging populace.

A survey of the Directorate General of Budget, Accounting and Statistics shows that over 1.35 million residents in Taiwan are aged over 65, but only half have insurance.

As defined by the United Nations, an "aging society" is one in which 7 percent of the population is over the age of 65. In Taiwan, 65-and-overs are 6.8 percent of the population. In 1956, the figure was only 2.5 percent.

A government estimate shows that by the year 2000, 8 percent of the population will be over 65, and by the year 2036, 18 percent.

Hong Kong

PRC-UK Talks on Airport 'Progressing'

HK0508041293 Hong Kong THE STANDARD in English 5 Aug 93 p 1

[Report by Rain Ren]

[Text] The Sino-British impasse over airport funding continues despite British optimism of limited progress.

Another round of talks yesterday over funding arrangements for the multi-billion dollar project failed to break the 16-month political deadlock for a suitable level of equity.

After three hours of talks, Beijing sources were less optimistic than their counterparts, denying any progress had been made. However, both sides said that differences had narrowed.

British envoy for the Joint Liaison Group (JLG) airport committee Tony Galsworthy said further negotiations would be needed, but did not name a date for the next round of talks. "I can't tell you how fast we will be able to make progress," Galsworthy said.

The major sticking point in negotiations remains the level of equity which Beijing wants the Hong Kong government to inject into the project to cushion any debt incurred by the post-1997 administration. Beijing fears the cost of the airport could cripple the territory.

Beijing is understood to have stipulated that the government pour up to \$40 billion in equity into the project—a move staunchly resisted by Britain.

Yesterday's meeting of the JLG airport committee was the third since both sides resumed talks on 4 June this year. China's anger over Governor Chris Patten's democratic reform proposals prevented the two sides holding negotiations for seven months.

Emerging from the meeting, Chinese negotiator Guo Fenming said the talks were "progressing in a normal way". But another Chinese official denied progress had been made, interpreting "normal" as no change.

Editorial: Expat Civil Servant Policy 'New Trick'

HK0508153493 Hong Kong TA KUNG PAO in Chinese 5 Aug 93 p 2

[Editorial: "The British Hong Kong Authorities' 'New Policy' Is a New Trick"]

[Text] The British Hong Kong authorities suddenly announced a "new policy" allowing contracted expatriate civil servants to apply for local terms of employment. This has evoked strong dissatisfaction among local civil servant organizations and people in different circles. They say this is a move that disturbs Hong Kong's steady transition and dampens the Hong Kong people's confidence.

For a long time a large number of expatriates among Hong Kong's civil servants have held senior positions and enjoyed privileges, whereas Chinese civil servants have been despised. This is quite unfair and is the product of a colonialist policy. Promoted by the Sino-British Joint Declaration, in March 1985 the British Hong Kong authorities explicitly announced the implementation of measures on localizing civil servants, halting the employment of expatriates on pension terms. Eight years have passed, however, and not much progress has been made in the localization of civil servants. Expatriate chief executives and departmental chiefs still account for large percentages, the former 36 percent and the latter 45.5 percent. In more than three years to come, Hong Kong will be returned to the motherland and the policy of "one country, two systems" and the "Hong Kong people administering Hong Kong" will be implemented. Logically speaking, the localization of civil servants should have been expedited so as to allow local civil servants to train for senior posts for a steady transition. In this critical period, the British Hong Kong authorities, instead of keeping their commitment, have racked their brains for a "new policy" on expediting the localization of expatriate civil servants. The announcement of the "new policy" indicates the end of the measures to localize civil servants. This is unquestionably an interference in, and a raid on the smooth transfer of power and a steady transition.

The Chinese side always takes serious account of Hong Kong civil servants' role and is concerned about their stability. Both the Sino-British Joint Declaration and the Basic Law provide comprehensive and explicit stipulations on the retention of civil servants and the preservation of the management system. The basic principle embodies state sovereignty and a steady transition. The basic components are: The Hong Kong Special Administrative Region [SAR] may employ British and other foreign nationals previously serving in the public service in Hong Kong, or those holding permanent identity cards of the SAR, to serve as civil servants at all levels, but the posts of departmental secretaries and deputy secretaries, bureau chiefs, commissioner against corruption, auditing director, police commissioner, immigration commissioner, and customs commissioner must be filled by Chinese citizens among permanent residents of the SAR who do not have the right of abode in foreign countries. Foreign nationals can be employed as advisers to government departments, as well as in professional and technical posts in their individual capacities only. The regulations in the previous civil service system on providing privileges for foreign nationals must be abolished. The previous system of recruitment, employment, assessment, discipline, training, and management of civil servants will be retained. These stipulations are reasonable. They have considered expatriate civil servants and abolished unequal factors, will ensure the implementation of the policy of "Hong Kong people administering Hong Kong," and completely correspond with the wishes and interests of the Hong Kong people. The "new policy" announced by the British Hong Kong

authorities has greatly altered the original civil service system, created obstacles to local civil servants entering senior posts, and violated the Sino-British Joint Declaration and the Basic Law. The implementation of this policy will evoke contradictions between expatriate and local civil servants, will cause instability and unrest among civil servants, and in particular, will seriously dampen local civil servants' morale. The consequences are known to all.

Major issues concerning Hong Kong must be discussed by the Chinese and British sides. This is a principle stipulated by the Sino-British Joint Declaration. The British Hong Kong authorities have made major alterations to the civil service system in disregard of this principle without consulting the relevant sides, particularly the Chinese side. They have acted willfully, obstinately, eagerly, and unilaterally in making personnel arrangements before 1997. People cannot but ask: At a time when the Chinese and British sides have expressed their willingness to expedite the talks process and restore their cooperation, what is the purpose of the British Hong Kong authorities in making this move?

What is this "new policy"? It is a new measure completely pursuing the "Chris Patten line" and challenging the Chinese side; it is a new trick prolonging a colonialist policy.

Editorial Discusses British 'Cheating' in Talks

HK0408122593 Hong Kong WEN WEI PO in Chinese
3 Aug 93 p 2

[Editorial: "Hong Kong People Must Be On Guard Against Summer Holiday Offensive"]

[Text] The people of Hong Kong all hope that the Sino-British talks on the 1994 and 1995 electoral arrangements for Hong Kong can make progress soon, so that Hong Kong's smooth transition is ensured. However, those on the British side said it was summer and they needed their holidays. The word holiday in English means "days which are holy and inviolable"; therefore there will be a long break before the ninth round of talks can start and, before October, only the ninth and 10th rounds of talks can be arranged.

The British side said something which is self-contradictory. It said that "time is limited" and Patten said that he "cannot wait indefinitely" and "will not submit a detailed report on the talks when delivering the policy address in October and, if there is no agreement, the package will be submitted to the Legislative Council." Does the British side want to see progress in the talks at an early date? It does not seem so. The British side attaches a great deal of importance to holidays and is not willing to expedite the process of talks, preferring to postpone the talks just because of the holidays. Such a postponement will lead to the situation of Patten's "October deadline"; thus the possibility of "no agreement" greatly increases. Patten has also declared that "no agreement is better than a bad agreement." Here we

can see that the "holidays" are only an excuse and the British are trying to use the tactic whereby they enjoy their holidays on the one hand and shout "time is limited" on the other, to achieve their cheating purpose.

What are the benefits they want to acquire by cheating? They want China to consent to the four conditions raised by Patten: 1) an unconditional through train; 2) the Chinese side's agreement to overall direct elections by 2007; 3) the British side's participation in deciding the list of members of the Preparatory Committee; and 4) the British side's determining the Election Committee in 1995, whereas this Committee is the organ to elect the chief executive in 1997, and both function in the same way.

To conclude, the UK is unwilling to smoothly return Hong Kong to China as stipulated by the Joint Declaration. The British still want to extend their political power beyond 1997; therefore they raise unreasonable exchange conditions one after another in order to bargain, and this has seriously hindered the process of talks on the 1994 and 1995 elections.

Patten also flew to England for his summer holidays. However, the "holiday-making" Patten was very busy: He arranged frequent meetings with Hurd and Goodlad to discuss plans regarding the Hong Kong question; he gave lectures to back up Martin Lee, who is busy filing a lawsuit [against Simon Li]; he has talked on and on eloquently to belittle Hong Kong lawyers; and he has wagged his tongue to shake Hong Kong people's confidence in the implementation of "one country, two systems," saying frightening things just to raise the alarm. Patten said: "If the lawyers who, as pioneers of the rule of law," also "lack confidence in maintaining the rule of law in 1997," and then Hong Kong "can only pray for God's mercy." He takes a holiday but he is not enjoying it and is busying himself with the use of his influence to interfere in a civil lawsuit in Hong Kong, undermining the spirit of the rule of law in Hong Kong and pouring dirty water on what the British have often boasted about that "Hong Kong's political system and law supplement each other" and "constitute the preconditions for promoting prosperity." What is Governor Patten's intention? Does he want to open a convenient door for importing foreign lawyers and judges? The idea of importing foreign lawyers and judges has been extensively publicized by the agents of the Executive and Legislative Councils during the past two years. Now, it is only the main character who has come out to sing the main tune.

According to the Joint Declaration, the rule over Hong Kong by the British must end in 1997, but they are unwilling to give up power and have resorted to many tricks. Many department-level organs in Hong Kong have carried out "corporatization," changing themselves into corporations. Thereafter, the British Hong Kong authorities used strictly confidential contracts to hire British personnel to serve as managing directors and general managers in Hong Kong, offering them unduly

high wages. The Kowloon Canton Railway Corporation, the Mass Transit Railway Corporation, the Provisional Airport Authority, and the Hospital Authority, are all doing this.

As 1997 draws near, the British shout for the "localization" of civil servants but their movements are as slow as a snail's. The vacancy for a secretary for works should have been filled by promoting an expert in the department, but the British stopped acting normally and killed the chance to promote a Chinese and invited an "airborne trooper" [kong jiang bu dui 4500 7100 6752 7130] from the UK who suddenly landed in the chair as secretary for works. The Legislative Council recently began its recess. However, the British Hong Kong officials do not care about the recess and, without discussing it with the Chinese side, made a "shock attack" announcement, at a meeting of the Legislative Council Civil Service Committee, about allowing expatriates who have stayed in Hong Kong for seven years and have

changed to the status of British Dependent Territories Citizen, to renew contracts based on the terms offered to local employees. This is to use the chance arising from the "recess" to create a fact. This completely contradicts the Joint Declaration and the Basic Law. Facts prove that the UK still wants to cling to power and insert officials it has selected into the post-1997 government of the special administrative region.

During this summer, the British have many things and made a great deal of arrangements to extend their ruling power, launching many offensives to undermine a stable transition. When Patten makes his second policy address on 7 October, the Hong Kong people will see more clearly an increasing number of tricks employed by the British to retain their colonial interests, to run Hong Kong by the British agents in the name of "Hong Kong people ruling Hong Kong," and reveal their true intentions in the end.

END OF

FICHE

DATE FILMED

6 AUGUST 1993

